

Ambatovy

SUSTAINABILITY REPORT

2020



Table of Contents

List of Acronyms	4
Message from our Vice President, Sustainability	6
About This Report	8
About Us.....	10
Our Operations and Facilities	11
Our Products	12
2020 Highlights.....	13
Corporate Governance	14
Our Sustainability Commitment	15
The Sustainable Development Goals.....	15
Key Impacts, Risks and Opportunities	16
Stakeholder Engagement	19
Governance and Human Rights.....	24
Economic Performance	28
Communities and Social Relations	31
Environment.....	38
A Safe and Rewarding Workplace.....	48
Product Responsibility.....	52
Appendix 1: The Sustainable Development Goals.....	54
Appendix 2: Partnerships and Associations.....	57
Appendix 3: Compliance to External Initiatives.....	58
Appendix 4: Social Investment Fund (SIF)	60
Appendix 5: Priority Species.....	61
Appendix 6: Ambatovy Offset Sites	66
Appendix 7: GRI Content Index	68
Appendix 8: Additional References	72
About Forward Looking Statements.....	73

List of Acronyms

ACA	Additional conservation action	DCAF Geneva	Geneva Center for Security Sector Governance
AEMS	Ambatovy Environmental Management System	DGEDD	<i>Direction Générale de l'Environnement et du Développement Durable</i> (General Directorate of Environment and Sustainability)
AfDB	African Development Bank	DMSA	Dynatec Madagascar S.A.
AFNOR	<i>Association Française de Normalisation</i> (French Standardization Association)	DRAEP	<i>Direction Régionale de l'Agriculture, de l'Élevage et de la Pêche</i> (Regional Directorate of Agriculture, Livestock and Fisheries)
AIFR	All Injury Frequency Rate	DREEF	<i>Direction Régionale de l'Environnement, de l'Écologie et des Forêts</i> (Regional Directorate of Environment, Ecology and Forests)
AIMS	Ambatovy Incident Management System	DRT	<i>Direction Régionale de Tourisme</i> (Regional Directorate of Tourism)
ALBI	Ambatovy Local Business Initiative	EITI	Extractive Industries Transparency Initiative
AMSA	Ambatovy Minerals S.A.	EN	Endangered Species
APPELL	Awareness and Prevention of Emergencies at the Local Level	EPFI	Equator Principles Financial Institution
BBOP	Business and Biodiversity Offsets Program	EPR	Emergency Preparedness Response
BNGRC	<i>Bureau National de Gestion des Risques et Catastrophes</i> (National Office of Disaster Risk Management)	ESIA	Environmental and Social Impact Assessment
CASEF	Agriculture Rural Growth and Land Management Project (World Bank)	ESSA	<i>Ecole Supérieure des Sciences Agronomiques</i> (School of Agricultural Sciences at the University of Antananarivo)
CAZ	<i>Couloir Ankeniheny Zahamena</i> (Ankeniheny-Zahamena Corridor)	ESU	Evolutionary Significant Unit
CCS	<i>Centre Culturel et Social</i> (Cultural and Social Center)	FAO	Food and Agricultural Organization
CFAM	<i>Corridor Forestier Analamay Mantadia</i> (Analamay-Mantadia Forest Corridor)	FAPBM	Foundation for Protected Areas and Biodiversity of Madagascar
CI	Cobalt Institute	FFW	Food for Work
CIREEF	<i>Circonscription de l'Environnement, de l'Écologie et des Forêts</i> (District for Environment, Ecology and Forests)	FIMIAM	<i>Fikambanambe Mivondrona Ampitambe Mahatsara</i> (Federation of Formal Entities of Ampitambe)
CLC	<i>Comité Local de Coordination</i> (Local Coordination Committee)	GEM	<i>Groupement des Entreprises de Madagascar</i> (Madagascar Business Association)
CLP	Classification, Labeling and Packaging	GERP	<i>Groupe d'Etude et de Recherche sur les Primates</i> (Primate Study and Research Group)
CNLS	<i>Comité National pour la Lutte contre le Sida</i> (National Committee for the Fight against AIDS)	GHG	Greenhouse Gas
COBA	Community-based Association	GRI	Global Reporting Initiative
COGES	<i>Comité de Gestion</i> (Water Management Committee)	Ha	Hectare(s)
COMBO	COnservation, impact Mitigation and Biodiversity Offsets	HIV / AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
CPN	Child Protection Network	HS	Health and Safety
CR	Critically Endangered Species	ICMM	International Council on Mining and Metals
CRBPs	Children's Rights and Business Principles	ICRC	International Committee of the Red Cross
CRC	Convention on the Rights of the Child	IEC	Information, Education and Communication
CRGRC	<i>Comité Régional de Gestion des Risques et Catastrophes</i> (Regional Committee for Disaster Risk Management)	IFAD	International Fund for Agricultural Development
CRGRI	<i>Comité Régional de Gestion des Risques Industriels</i> (Regional Committee for Industrial Risk Management)	IFC	International Finance Corporation
CSB	<i>Centre de Santé de Base</i> (Basic Health Center)	IFM	<i>Institut Français de Madagascar</i>
CSR	Communities and Social Relations		

IGA	Income-Generating Activity	QAQC	Quality Assurance Quality Control
ILO	International Labor Organization	QMS	Quality Management System
INGO	International Non-Governmental Organization	REACH	Registration, Evaluation, Authorization and Restriction of Chemical Substances
ISO	International Organization for Standardization	RoW	Right of Way
IT	Information Technology	Rs	Restore
IUCN	International Union for Conservation of Nature	SAHA	<i>Sahan'Asa Hampandrosoana ny eny Ambanivohitra</i> (Rural Development Program)
JICA	Japanese International Cooperation Agency	SCC	Scientific Consultative Committee
km	Kilometer	SCM	Supply Chain Management
KPI	Key Performance Indicator	SDGs	Sustainable Development Goals
kt	Kilotonne	SDRA	<i>Structure de Dialogue Région-Ambatovy</i> (Dialogue Structure for the Region and Ambatovy)
LGIM	<i>Loi sur les Grands Investissements Miniers</i> (Law on Large Scale Mining Investments)	SDS	Safety Data Sheet
LME	London Metal Exchange	SFCG	Search for Common Ground
LPG	Liquid Petroleum Gas	SIF	Social Investment Fund
LTI	Lost Time Injury	SIM	<i>Syndicat des Industries de Madagascar</i> (Madagascar Industries Union)
LTIFR	Lost Time Injury Frequency Rate	SLO	Social License to Operate
LWA	Local Watch Association	SME	Small and Medium-sized Enterprises
MAC	Mining Association of Canada	SOC	Species of Concern
MBG	Missouri Botanical Garden	SOP	Standard Operating Procedure
MECIE	<i>Mise en Compatibilité des Investissements avec l'Environnement</i> (Rendering Investments Compatible with the Environment)	SPI	Significant Potential Incident
MFG	Madagascar Fauna and Flora Group	STI	Sexually Transmitted Infection
MIDEM	<i>Mission Indépendante pour le Développement et l'Education à Madagascar</i> (Independent Mission for Development and Education in Madagascar)	TMF	Tailings Management Facility
Min	Minimize	ToT	Training of Trainers
MoU	Memorandum of Understanding	TRIFR	Total Recordable Injury Frequency Rate
NGO	Non-Governmental Organization	TSM	Towards Sustainable Mining
NI	Nickel Institute	TSSP	Tailings Security Social Program
NNL	No Net Loss	TU	Technical Unemployment
OCHA	Office for the Coordination of Humanitarian Affairs	UDHR	Universal Declaration of Human Rights
ONE	<i>Office National pour l'Environnement</i> (National Office for the Environment)	UN	United Nations
ORN	<i>Office Régional de Nutrition</i> (Regional Office of Nutrition)	UNAIDS	Joint United Nations Programme on HIV and AIDS
PAP	People Affected by the Project	UNICEF	United Nations Children's Fund
PGEDS	<i>Plan de Gestion Environnementale et Développement Social</i> (Environmental and Social Development Management Plan)	VSLA	Village Savings and Loan Association
PI	Predicted Impact	VPSHR	Voluntary Principles on Security and Human Rights
PPE	Personal Protective Equipment	WASH	Water, Sanitation and Hygiene
PPI	<i>Plan Particulier d'Intervention</i> (Particular Plan of Intervention)	WCS	Wildlife Conservation Society
PSHP	Private Sector Humanitarian Platform	WED	World Environment Day
		WHO	World Health Organization
		WIMR-Mada	Women in Mining and Resources – Madagascar
		WUA	Water Users Association



Message from our Vice President, Sustainability



Philippe Beaulne

“The rapid spread of the Covid virus and the changes it brought to our daily lives significantly impacted individuals, families and communities. Like other companies, we adapted to the challenges and adopted new ways to accomplish our goals while doing our best to keep both our employees and host communities safe. We are proud of our collective response and of the courage, resilience and dedication our teams have demonstrated throughout these challenging times.”

Dear Readers,

We are very pleased to share with you Ambatovy’s 2020 Sustainability Report – our eleventh – which covers our performance and activities for an unprecedented year during which, as most of the world and as most other companies, we faced significant challenges due to the global Covid pandemic. The report covers our objectives, approaches and performance over the course of the year and reflects the importance that Sustainability plays in our operations.

The rapid spread of the Covid virus and the changes it brought to our daily lives significantly impacted individuals, families and communities. Like other companies, we adapted to the challenges and adopted new ways to accomplish our goals while doing our best to keep both our employees and host communities safe. We are proud of our collective response and of the courage, resilience and dedication our teams have demonstrated throughout these challenging times.

In 2020, Ambatovy continued to work towards our goal of becoming a low-cost nickel producer that creates lasting prosperity for all stakeholders and that contributes significantly to sustainable development in Madagascar. Priorities remained focused on zero harm and the implementation of the objectives of the Ambatovy 2021 Strategic Plan: 1. Financial Stability, 2. Reliable Production, 3. Critical Business Risk Management, and 4. Enhanced People and Organizational Capability. The health and safety of employees and their families remained a priority, as well as maintaining commitments to stakeholders and ensuring the long-term viability of operations.

On March 19th, 2020, the Government of Madagascar closed the borders in response to the Covid-19 threat, and soon after, confinement measures and domestic travel restrictions were put in place across the country. For security and public health reasons, we made the decision to shut down our production in a controlled fashion starting March 23rd in order to ensure that it could be done safely, with sufficient competent technical people. The shutdown was completed in April and the Plant was put under Care and Maintenance with a small support crew working across all facilities to undertake preservation activities, provide essential services and secure the assets. Many of our employees were put on Technical Unemployment (TU), with special allocations, and most of our expatriate employees were repatriated to their home countries during this period. In September 2020, as Madagascar emerged from the first wave of the pandemic, limitations on movements were eased, employees could begin returning to work, and our preparations



began for the safe resumption of nickel and cobalt production in early 2021.

Although production was stopped from the end of March for the remainder of the year and despite the challenges of Covid-19, we were able to uphold our sustainability commitments and maintained a solid program for environmental management, community relations and stakeholder engagement.

Some key achievements over the year, despite our operational restrictions, include:

- In agreement with our shareholders and lenders, Ambatovy continued to provide significant allowances and support to employees who had been placed on Technical Unemployment (TU).
- Ambatovy has defined objectives for air, water, waste, noise and Pipeline monitoring that are among Ambatovy's key compliance commitments. In 2020, all commitments related to physical environment activities were successfully met despite the Covid-19 health crisis.
- As a priority action of the Ambatovy 2021 Strategic Plan, a revision of our organizational structure was carried out. Revisions were conducted to ensure a simple, consistent and aligned organizational design, focused around job accountability. Every job has now been classified into one of four streams: management, technical, industrial, and administrative.
- Ecological restoration is one of Ambatovy's most important commitments, and as such, it continued even throughout the lockdown. In 2020, 316.9 kg of seeds were planted in our nurseries and 162,000 seedlings were produced in our industrial and village nurseries. Rehabilitation activities will continue in 2021 so as to meet the restoration targets.
- 1,832 artefacts discovered within the Ambatovy-Analamay deposits and the surrounding areas were transferred to the new "Mozea Vavitiana" provincial museum in Toamasina. The museum showcases a catalogue of archaeological objects dating from the 18th to the 20th centuries that have been preserved by Ambatovy since 2007.
- For a third consecutive year, viable populations of *Mantella aurantiaca* (Golden Mantella frog) were observed in receiving marshes, following the first successful reintroduction of F1 generation *Mantella aurantiaca* from the Mitsinjo captive breeding center into the wild. In 2020, 25 second generation

Mantella aurantiaca were also produced in captivity in collaboration with the Mitsinjo Association.

- Ambatovy donated equipment, materials, supplies, meals for health workers and other support to fight the spread of Covid-19 at both national and regional levels, particularly in areas near the Mine and Plant Sites. Donations totaling more than 1 billion Ariary in value were made to hospitals, schools, treatment centers and government agencies.
- During the confinement period, we carried out important preservation activities and regulatory inspections, and performed corrective and opportune maintenance activities that can only be completed during a total shutdown. In addition, this period was also an opportunity for us to complete a set of capital projects identified as critical to achieving safe and reliable production in 2021. A dedicated effort was also put in place to prepare the site for a safe and efficient re-start of operations. This involved commissioning, start-up plans, risk management and competency validation for employees and contractors returning to work.

In 2021, Ambatovy will focus on re-launching activities as we strive to achieve consistent production rates at full operating capacity while continuously working to meet the world's best practices in operational efficiency, health and safety, environmental management, and social engagement. Through our actions, Ambatovy hopes to set an example for responsible mining and to provide a new industry benchmark for sustainability performance in years to come.

We acknowledge and sincerely appreciate the continued support, commitment and dedication of all our stakeholders as we work towards meeting these goals. We look forward to future constructive collaboration in our shared quest for the development of Madagascar.

Thank you for your interest in Ambatovy. We hope that you enjoy the report and welcome any feedback you may have.

Sincerely,

Philippe Beaulne
Vice President, Sustainability

About This Report

Report Profile

For the eleventh year in a row, Ambatovy is publishing our annual Sustainability Report. This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, and gives performance data for January through December 2020, following our tenth annual Sustainability Report covering 2019 that was published during the third quarter of 2021.

The report provides information on Ambatovy's sustainability performance during 2020 and focuses on key areas of interest for Ambatovy's stakeholders. The accuracy of Ambatovy's Sustainability Report is validated through internal controls and internal approval processes. This 2020 Sustainability Report has not been externally assured; however, we submit annual reports to Malagasy authorities and to our national

regulator (the National Office for the Environment or ONE) with information on our sustainability performance, and our work in the field is closely monitored and regularly reviewed by the ONE and Independent Engineers sent by our lenders.

No significant changes regarding size took place during the reporting period, nor did we significantly diverge from our last report in terms of scope, boundary, or measurements that would affect the comparability of previous reports or require a restatement of major disclosures. In terms of structure, at the end of 2020, Sherritt, one of our shareholders and our operator (representing 12% of the shareholding), officially exited the Ambatovy Joint-Venture. Its shares were passed to Sumitomo and KORES.

Reporting Boundary, Materiality and Scope

Unless otherwise noted, this report discloses material information for the calendar year 2020 (January 1st – December 31st). Our report addresses a wide range of economic, social and environmental issues that Ambatovy considers to be of material importance, as this term is used in the GRI guidance on materiality and completeness. The GRI guidance specifies that sustainability reports should cover topics and indicators that reflect a company's significant economic, social and environmental impacts or those that would substantively influence the assessments and decisions of stakeholders.

This report includes information about our operations (located fully in Madagascar) and covers Ambatovy and the departments and initiatives directly under our control. As a Joint Venture private entity, there are no other groups, subsidiaries, leased facilities, joint ventures, suppliers, or other bodies that fall under Ambatovy's jurisdiction. The report has drawn the majority of data from internal sources, but, when relevant or necessary, we have included data from external sources. The scope of the report reflects not only the GRI Standards but also the expectations of our stakeholders to cover the topics material to them and to our business. Statements from previous years' reports may appear again in this report in order to provide context and background information for new readers and for those unfamiliar with our operations.

There were two key considerations that stood out for us during the process to determine what is included in the report and how we prioritize content and its organization.

- **Organizational commitments:** In view of Ambatovy's obligations to our national regulator and our commitment to the International Finance Corporation (IFC) Performance Standards and other international standards and codes, we have internal programs in place to ensure coherence with these standards.
- **Materiality of data for internal and external stakeholders:** When selecting amongst the various GRI disclosures for our report, Ambatovy chose those that could be considered relevant, important and meaningful to our stakeholders at all levels. We also provided additional information not required in the GRI guidelines that we felt was relevant to our operations and important in light of our mandatory and voluntary commitments to national and international regulatory bodies, associations, and programs. The report therefore gives stakeholders essential information on our structure, strategy and performance with specific information that relates to the sustainability challenges of our industry. For a list of our material topics, please refer to the GRI Content Index in the appendices.

We intend this report to be used as a reference for a variety of stakeholders, particularly government authorities, local communities, civil society groups, employees, international organizations, partner companies, financial institutions, suppliers, and other members of the business and media community. More in-depth information on our stakeholder identification process and our engagement activities can be found in the Stakeholder Engagement section of this report.

We welcome comments and questions related to this report. Please contact us at media@ambatovy.mg for further information. Please note, all monetary values in the report are \$ US Dollars unless otherwise noted.



About Us

Ambatovy is a large-scale nickel and cobalt mining enterprise in Madagascar, comprised of a lateritic mine near Moramanga and a processing plant in Toamasina. The two sites are linked by a pipeline of approximately 220 km in length. An auxiliary office in Antananarivo provides administrative, legal, and communications support to both locations and serves as a liaison with government offices and international organizations as well as the media and business sectors.

Our Vision

Ambatovy will be recognized as the world's most successful nickel laterite operation.

Our Mission

Together in Madagascar, we sustainably deliver value, producing high quality nickel and cobalt.

Our Values

Respect

- We treat others with dignity and respect, regardless of the situation.

Integrity

- We are true to our word and are ethical in all that we do.

Responsibility

- We take responsibility for our choices, our words, and our actions.

Excellence

- We never stop seeking to improve our business.

Number of Employees:

3,500 direct;
3,556 contractors;
90% Malagasy workforce

Environment and Biodiversity:

2,154 hectares (ha) mine footprint (mine area + buffer zone) over the life of the mine; more than 14,000 ha of offsets, or "like for like"

2020 Production

(prior to shutdown):

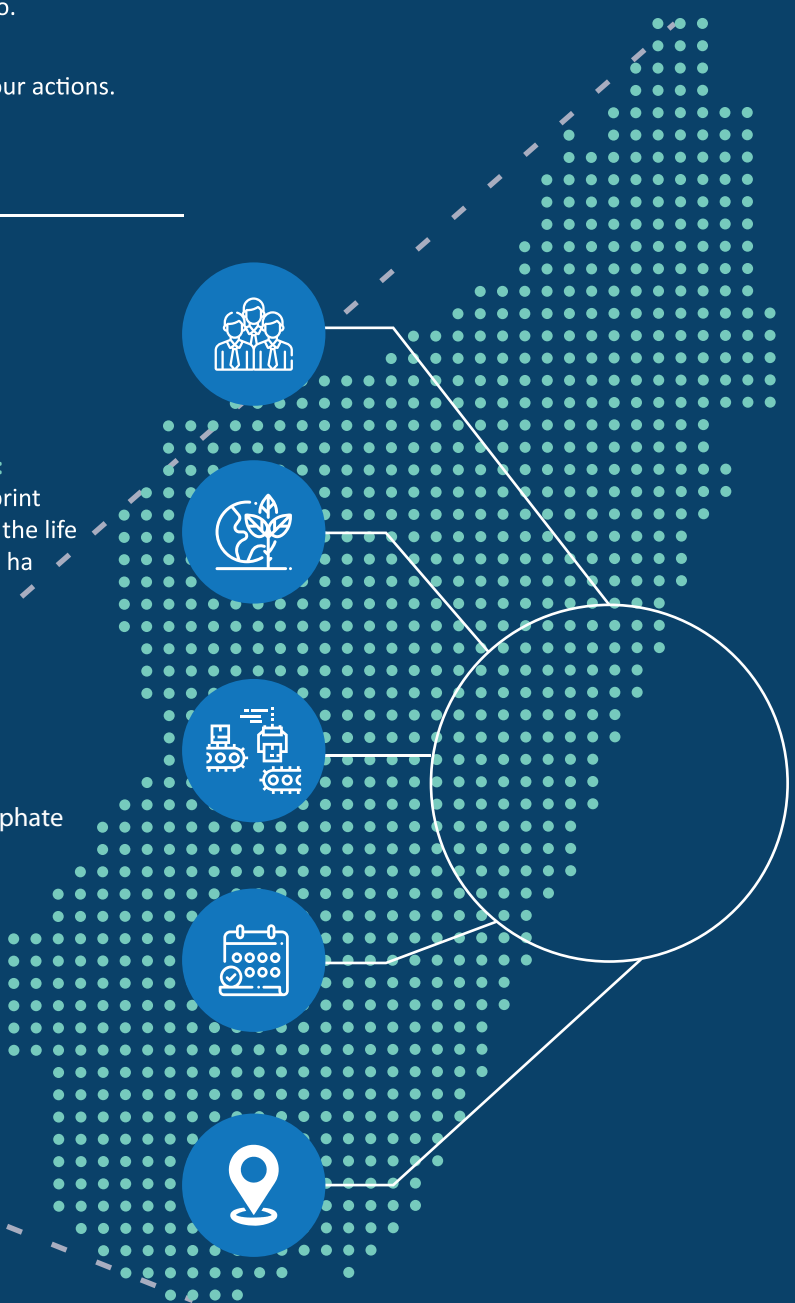
9,908 tonnes nickel;
833 tonnes cobalt;
25,242 tonnes ammonium sulphate

Operational Lifespan of the Mine:

Approximately 27 years

Locations:

Ambatovy is located in central and eastern Madagascar



Our Operations and Facilities



Mine Site

Our Mine Site is located near the town of Moramanga, in the Alaotra Mangoro Region, 80 km east of Madagascar's capital. The ore body at the Mine consists of two lateritic nickel deposits: the Ambatovy and the Analamay deposits, with a total footprint of 2,154 ha, including our actual mine area of 1,616 ha and a buffer zone. Ore is surface-mined and turned into slurry for transportation to the Plant Site via a pipeline.



Plant Site

Ambatovy's main operations are located at our Plant Site, approximately 10 km south of the Port of Toamasina, in the Atsinanana Region. It is an industrial complex covering more than 320 ha. The facility was designed and built to operate in accordance with Malagasy regulations and the IFC Performance Standards. The site's main components include a pressure acid leaching area, a refinery, and a utilities area to support the process. Site facilities also include a medical clinic, a training center, several canteens, warehouses, workshops, a laboratory, offices, and living quarters.



Tailings Management Facility

Ambatovy's Tailings Management Facility (TMF) is located approximately 10 km west of the Plant Site and will be constructed over the life of the project in three phases, with the continuous raising of the perimeter dams to meet our tailings containment needs. The tailings – residue with no commercial value left over after mining, processing, and refining – are neutralized and pumped from the Plant Site through a 15 km pipeline to the Tailings Site, a secure, stabilized area where the treated residue is deposited for permanent safekeeping. Excess water from the Tailings is discharged into the ocean through a diffuser system designed to minimize localized impacts. A portion of this water is available to be reused at the Plant Site. When the Tailings Site has been filled, it will be reclaimed and drainage systems will be re-established. Ambatovy's TMF was built to specifications consistent with the requirements of the IFC and the site was chosen for its relatively low environmental sensitivity.



Pipeline

Ambatovy's pipeline, which is approximately 220 km, runs from the Mine to the Plant Site in Toamasina. The route selected for the pipeline makes some significant deviations to avoid sensitive environmental areas, cultural sites, and local populations. It is buried for the majority of its route, avoiding critical wildlife habitats and residual forest fragments. Deep rooting vegetation was planted along the length of the pipeline to stabilize steep slopes, prevent erosion, and assist in rehabilitation.



Support Facilities

Ambatovy also has support facilities located near the Plant Site, including the port, railway, road, ammonia storage tanks and the marine outfall. Ambatovy installed a substantial extension of Pier B at the Port of Toamasina, which includes a new fuel terminal, as well as equipment for handling the importation of bulk raw materials such as limestone, coal, sulphur and ammonia. We also installed a 12 km railway and financed the upgrade of an 11 km road linking the port to the Plant Site. Ambatovy imports ammonia and stores it, first at a large storage tank located four km north of the Plant Site, and then at the Plant Site's ammonia storage tanks. The marine outfall is a pipeline that extends 1.5 km offshore within a rock-filled breakwater structure. Installed in 2011, it is used to dispose of excess reclaimed water from the TMF.

Our Products

Ambatovy uses a hydrometallurgical process developed by Sherritt International Corporation to produce finished nickel, cobalt, and ammonium sulphate. We supply a global portfolio of industrial customers located primarily in Asia, Europe, and the United States. Our products are mainly used as inputs for the production of stainless steel, chemicals for the manufacture of battery products, and specialty high-performance alloys for turbine components in both aerospace and land-based power generation equipment. They are also consumed in the production of a wide range of other specialty industrial products.



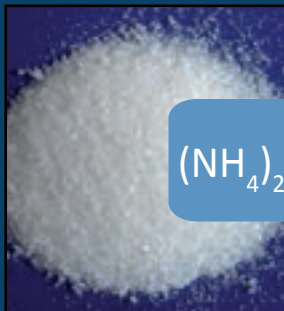
Ni

The majority of nickel produced worldwide goes into the manufacturing of stainless steel. Nickel is often also combined with other metals to create super alloys. It is found throughout our modern environment, from jewelry and silverware, to rechargeable battery systems for hybrid and electric vehicles, cell phones and other portable electronics and devices, and in jet turbines and other high-end and high performance applications. Ambatovy produces Class I nickel briquettes of 99.9% purity for the world market and Ambatovy nickel is a registered brand on the London Metal Exchange (LME). In 2020, we produced 9,908 tonnes of nickel.



Co

Cobalt has been used for centuries to add vivid blues to glass, glazes and pottery. In modern times, it is used in hundreds of chemical, metallurgical, and industrial products and is an indispensable component of rechargeable batteries used in a variety of devices including cellphones and tablets, power tools and other portable devices, as well as in hybrid and electric vehicles and other technologies. Ambatovy produces cobalt that is of 99.9% purity. It is sold in briquette and in powdered form. In 2020, we produced 833 tonnes of cobalt



$(\text{NH}_4)_2\text{SO}_4$

As a by-product of the hydrometallurgical process, Ambatovy also produces ammonium sulphate, an inorganic, highly water-soluble salt. The primary use of ammonium sulphate is as a fertilizer for soils, as part of a complete agronomic improvement plan. Ambatovy's ammonium sulphate is produced in crystallized granules and is sold mainly on the international market. In 2020, we produced 25,242 tonnes of ammonium sulphate.

2020 Highlights



Almost

\$131

million
in local purchasing



Distribution of school kits
benefiting more than

6,900 students

from

22 public schools



Donations for the fight
against **Covid-19**
with a value totaling
more than

1 billion Ariary

90%
Malagasy
workforce



13%
female workforce
(direct)



of seasonal fruit and vegetables produced
by farmers' associations and sold
to our catering contractor

Almost
120 tons



1,832

archeological objects discovered by Ambatovy,
on display at the *Mozea Vavitiiana*,
a new provincial museum in Toamasina

More than

330

local suppliers
and contractors
provided goods
and services



Almost
1,450
water birds from
16 species

observed around lakes,
dams and marshes near the Mine



162,000
seedlings
produced
in our industrial
and village nurseries

Corporate Governance


Ambatovy is a joint-venture enterprise held by two shareholders: Sumitomo Corporation, Korea Resources Corporation (Kores). Both partners are fully committed to transparent, sustainable and responsible business practices.

Ambatovy is comprised of two companies: Ambatovy Minerals S.A. (AMSA) and Dynatec Madagascar S.A. (DMSA), which, together, are responsible for day-to-day operations. AMSA is the holder of the mining title and operates the Mine Site and pipeline, and DMSA manages the Plant Site and all the activities related to it. Both AMSA and DMSA are subject to the laws of Madagascar, and each has a board of directors. In practice, AMSA and DMSA act in parallel under the purview of Ambatovy's Executive Committee, which consists of members from each of the three partner companies.

At the end of 2020, the Executive Committee was comprised of eight individual voting members who are responsible for overseeing the direction and execution of Ambatovy's activities. The Committee meets at least quarterly or as circumstances require, providing appropriate governance of the Company.

In addition to the Executive Committee, there are three sub-committees whose members are also employees of each of our partners:

- Audit
- Environment, Health and Safety, Security and Community
- Marketing

 **Sumitomo Corporation**

 **KORES**

Our Sustainability Commitment

Ambatovy believes that our long-term sustainability is directly linked to the quality of our relationships with our stakeholders, along with our resilience to external and internal crises and our ability to weather negative cycles within the mining industry.

In the conduct of our business, we are committed to engaging with our stakeholders and earning their support by operating ethically, creating a rewarding workplace, demonstrating environmental excellence and submitting to external controls.

To meet this commitment Ambatovy will:

- **Effectively engage stakeholders** in order to understand their expectations, to build trust, to foster employee pride and community ownership, to maximize economic benefits to the community and country, and to reinforce national and international acceptance of Ambatovy;
- **Demonstrate strong governance** by ensuring that our internal governance and compliance is flawless, that the country and our neighboring communities receive their fair share of benefits from Ambatovy, and that we operate ethically within our zero tolerance policy and with uncompromising respect for human rights as defined by international standards;
- **Comply with national environmental regulations and international standards** in order to ensure no net loss of biodiversity via Ambatovy's Environmental Management

System (AEMS); to adequately fund and staff the AEMS; to ensure the legal protection, long term management and financing of Ambatovy's land offsets; and to consistently use clear metrics to measure loss and gain of biodiversity;

- **Ensure external controls of our activities** by continued use of third party expertise and sound science-based programs, as well as open and transparent collaboration with authorities charged with supervising our environmental and social activities;
- **Create a rewarding workplace** that attracts the best industry talent, emphasizes skills development, and develops pride and ownership in our workforce.
- **Maintain the safety and security of our surroundings** by committing to Zero Harm in order to build a safe working environment; ensuring the security of our employees and assets in accordance with the guidance of the Voluntary Principles on Security and Human Rights; supporting a Safety Culture within Ambatovy's areas through effective risk management, active communication, training and awareness-raising, and ongoing community engagement.

This commitment is not only internalized within Ambatovy's activities but is also expected of our suppliers and contractors. In this way, we hope to further increase the positive impacts we have on our host country and extend our best practices across the industry.

The Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs), a follow-up to the Millennium Development Goals, consist of 17 ambitious targets to address global issues and to ensure a sustainable and resilient future for the world by 2030. The success of the SDGs depends on the participation of a range of actors – governments, communities, non-governmental organizations and corporations.

The nature of the work of the natural resources sector has economic, social and environmental impacts on the jurisdictions where projects and operations are located. As a responsible company working in both a low-income country and a biological hotspot, we aim to ensure that the potential negative impacts of our activities are minimized and mitigated to the greatest extent possible while also focusing on actions that positively impact our local communities and the country at large. To this end, the SDGs serve as a reference for us to gauge how and to what extent we are contributing to

Madagascar's development and to its achievement of these globally recognized sustainability targets.

SUSTAINABLE DEVELOPMENT GOALS





Key Impacts, Risks and Opportunities

In recent years, environmental, social and governance (ESG) issues and sustainability considerations, while certainly not new, have become increasingly prominent, both broadly and in the mining and metals sector in particular. ESG principles are increasingly being adopted by companies in the mining and metals sector in response to stakeholders' expectations for stronger engagement, transparency, and accountability in areas such as:

- Environment: biodiversity, ecosystem services, water management, tailings, air, noise, energy, climate change (carbon footprint, greenhouse gas), hazardous substances, mine closure.
- Social: human rights, land acquisition and use, resettlement, local procurement, community investments, diversity, labor practices, health and safety, security, artisanal miners, mine closure / after use.
- Governance: legal compliance, ethics, anti-bribery and corruption, transparency.

ESG can be used as a lens to gauge a company's exposure to environmental, social and governance risks as well as to assess its performance in these areas. For example, companies need to consider whether there are environmental, social or governance risks that may affect their ability to raise capital; to obtain authorizations and permits; to work with communities, local authorities and civil society groups; and to protect assets from impairments. There may also be opportunities to better manage energy use, improve operational performance, and enhance community and regulatory relationships.

The increased awareness of ESG issues is a challenge yet it also presents a big opportunity for our industry. It is enabling companies like ours to explore and develop ways to reduce their environmental footprint and to benefit society far and wide. It engages not only mining companies and their communities, but also governments, other businesses and partners.

At Ambatovy, we have always understood that in order to work in Madagascar, we must be mindful of the unique economic, social and environmental context of the island. Most of the impacts related to our activities are positive, such as the creation of jobs, contributions to the local economy and improved industrial capacity in the country. However, it is necessary to be aware of not only our positive impacts but also any potential or actual negative ones, so that we can develop and implement strategies to minimize, manage, and remediate them.

We are aware that we are working in a country that has high biodiversity and that faces challenging socio-economic issues.

If we do not carefully manage our activities, there are risks that we may negatively affect the delicate ecosystem surrounding our activities and worsen the poverty that already exists in Madagascar. These risks were carefully considered before we even broke ground and we continue to assess risks and impacts as they arise. Each year we identify sustainability-related impacts and opportunities and work to ensure that these impacts are minimized to the extent possible. While each challenge is weighed from within its specific context, in general, we prioritize them based on impacts on stakeholders and the environment, as well as on our ability to operate safely and efficiently. In recent years, our focus has shifted beyond simply establishing a presence in our host country and communities, to engaging stakeholders in a meaningful and respectful way, building partnerships, and maintaining the sustainability of our actions and investments.

Economic

Many extractive companies in sub-Saharan Africa have chosen to refine their minerals in Asia, Europe, or North America. Ambatovy's decision to refine our products in-country brings important local benefits including the creation of thousands of additional jobs (and the subsequent professional training and career development opportunities that come with them), significant earnings for the Government of Madagascar, local spending on goods and services, technology transfer and capacity building, and the construction of important infrastructure. These are all generating substantial economic returns for Madagascar and will continue to do so for many years.

There is enormous potential for extensive positive financial benefits for the communities and the country through wages and supply contracts. There is also the potential to improve capacity to deliver goods and services of international quality.

We work to maximize these positive impacts through targeted programs to increase local supply, promote local employment and support income generating activities for community members. Identified negative impacts include the potential for price inflation as people move into the communities surrounding our operations looking for economic opportunities. However, these are more than compensated for by the aforementioned economic benefits.

The emergence of the electric vehicle market has created optimism about the nickel and cobalt markets since both metals

are key components in current battery technology. As a low-cost, high purity producer of Class I nickel, Ambatovy is poised to take advantage of growing demand given that our production is primarily in briquette form – a type ideally suited to battery production.

In recent years, our industry has seen a growing requirement from manufacturers and consumer-facing companies to demonstrate responsibility in their supply chains, which is subsequently putting pressure on upstream mining companies to provide evidence of social and environmental responsibility at their operations, with a particular focus on human rights, labor rights and occupational health and safety. Customer expectations for mining companies today are growing with regards to demonstrating high standards for environmental, economic and social performance, while also mining and processing safely and efficiently. An increasing number of customers, potential customers and industry groups want to know how we conduct our business, and are requesting risk readiness assessments, due diligence reviews and third-party audits of Ambatovy's operations. We are preparing ourselves to support our customers and the industry groups in this endeavor by aligning with international standards, such as Towards Sustainable Mining, conducting internal audits on responsible supply chain requirements, providing training for our suppliers and sub-contractors, doing gap assessments, and leveraging industry associations for insight and support. Our customers can be confident that Ambatovy produces high-quality nickel and cobalt in accordance with applicable laws, regulations and the highest ethical standards.

Social

In a country with significant poverty and social needs, great expectations can be placed on large foreign companies to solve many, if not all, of the area's inherent socio-economic challenges. Indeed, now more than ever, stakeholders – from local communities and civil society organizations to regional authorities and the national government – expect to experience tangible benefits and improvements in their standard of living from natural resource extraction and processing.

Managing the expectations of our stakeholders is therefore paramount, especially as we struggle with a volatile commodity price environment. We are obligated to be fully compliant with both Madagascar's national regulations and the IFC Performance Standards, and a key focus over the past several years has been avoiding, minimizing, and mitigating negative social impacts and maximizing the positive ones. We are committed to helping improve the lives of people near our operations, but we rely on our host government to fulfill its obligations regarding basic services, particularly in the areas of health, education and infrastructure. Moreover, Ambatovy seeks to establish partnerships with other groups in a manner that taps each partner's strengths so as to address stakeholder issues and opportunities and to have a greater and more sustainable impact, but that does not substitute for the government, does not foster dependency, and does not create unrealistic expectations of what we can do.

Currently, the mining sector creates millions of jobs around the world. However, many employees are aged 45 years or older and

the sector runs the risk of missing out on skilled, capable workers if it fails to find a way to make mining more attractive to future generations. Demonstrating strong ESG performance could play a key role in ensuring that young, talented people are drawn into establishing and retaining their careers in the sector.

Environmental

The Mine lies at the southern end of the eastern rainforest so protection of the biodiversity in surrounding areas has been a key issue since the early planning stages. The partially degraded forests around the Mine have undergone considerable human-induced pressures for many years, often prior to our arrival to the area, including hunting and gathering, selective logging, slash- and-burn agriculture, uncontrolled fires, and species collection for trade and consumption. Operating in such a highly sensitive ecosystem therefore obligates us, as an environmentally and socially responsible member of our community, to design and implement extensive avoidance, mitigation and conservation measures to ensure that we continue to minimize our impacts. Ambatovy has devoted considerable time and resources to ensuring these measures are incorporated into our business plans and operational processes. Local communities have also been included in our environmental management and stewardship activities to preserve the long term sustainability of Madagascar's diverse flora and fauna.

We are also obliged under the laws of Madagascar and our financing agreements to meet stringent environmental criteria. Aside from those obligations, we have committed ourselves to multiple voluntary compliance and monitoring programs, such as the Business and Biodiversity Offsets Program (BBOP) for which Ambatovy was a pilot project (please see the section on Environment for more on this initiative) in order to achieve no net loss. Compliance with these criteria requires a substantial financial commitment on our part, but we have carefully budgeted funds to ensure that we meet or exceed the targets that have been set.

As at many mining companies globally, due to recent dam failures in Brazil and elsewhere, Ambatovy is reviewing and evaluating our tailings management monitoring systems and risk assessments in order to ensure that our approach is more than robust and current.

As demand increases for exploration, mining, and processing of raw materials critical to the clean energy transition, companies such as Ambatovy have an opportunity to integrate and enhance environmental policies, congruent with global initiatives.

Governance

We commit to conducting all activities with integrity and the highest standards of responsible conduct. This includes avoiding actual and perceived conflicts of interest, having zero tolerance for corruption of any form, and respecting the rights of all people with whom we interact. We do this by vigorously implementing our Business Ethics Code, Anti-Corruption Policy and Human

Rights Policy. We strive to be as transparent as possible and take an active part in the Extractive Industries Transparency Initiative (EITI) process in Madagascar, which includes disclosure of our financial and operational information, as required under the EITI

standard. By implementing the Voluntary Principles on Security and Human Rights (VPSHR), we are also able to align our policies and security operations with the highest international standard for security and human rights.

Sustainability-related risk management is the responsibility of the Executive Committee and the Environment, Health and Safety, Security and Community sub-committee. This sub-committee meets quarterly to discuss issues that have arisen over the period and to authorize any significant changes to our plans and management strategies. We remain committed to managing these impacts, risks and opportunities, and to improving our ESG performance. Despite the unprecedented challenges we faced in 2020, we are proud of what we were able to accomplish during the year.





Stakeholder Engagement

Ambatovy has a responsibility and a commitment to engage internal and external stakeholders who are directly or indirectly affected by the company's activities, as well as those who may have interests in the company and/or the ability to influence matters, either positively or negatively. We engage and collaborate regularly with stakeholders where common interests and concerns exist.

The purpose of our stakeholder engagement is fourfold:

- To establish and maintain constructive relationships with our stakeholders and to maximize the shared benefits of our activities;
- To contribute to Ambatovy being a successful, resilient and sustainable company;
- To enhance and strengthen our reputation, both domestically and internationally;
- To maintain both our regulatory and social licenses to operate in Madagascar.

We recognize that effective stakeholder engagement is critical for establishing mutual understanding of one another's needs, interests, aspirations and concerns, for making decisions to support business objectives related to growth, risk management and operational excellence, and for collaborating to address local stakeholder priorities. In other words, constructive stakeholder relationships are essential to securing and maintaining our social license to operate and creating mutually beneficial outcomes.

Identifying and understanding who our stakeholders are is an important part of our work. Stakeholder influence can vary, from minor to significant, and this influence may change over the course of the different phases of our operations.

Stakeholder engagement is therefore an ongoing process, one that encompasses a range of activities and approaches, and that will span the entire life of the Mine. Like other Ambatovy business functions, our stakeholder engagement is guided by a well-defined strategy with clear objectives, priorities, methods for engagement, concrete activities and assigned responsibilities. Our approach is systematic so that we can track and manage stakeholder issues and risks more effectively.

Stakeholder engagement entails building robust, productive relationships through communication, consultations, ongoing dialogue and working partnerships. We want our stakeholders to understand why and how we operate. We especially want input from relevant stakeholders when a particular aspect of our operations directly affects them.

Our stakeholder engagement is guided by the following principles:

- Through our actions and behaviors, Ambatovy actively strives to earn the respect, trust and cooperation of all stakeholders. We create and maintain relationships that are inclusive, honest, transparent and mutually beneficial. These relationships are a tangible, valuable asset and integral to the company's business outcomes.
- Ambatovy is committed to sustainable development, i.e., meeting the needs of the present without compromising the ability of future generations to meet their own needs. As such, Ambatovy creates long-term value and benefits for our stakeholders while seeking to understand and respond to their issues and interests.
- Ambatovy recognizes that we need to be accountable for our actions and impacts. If our operations are not managed appropriately, they have the potential to impact local communities and the environment negatively. Thus, the company attempts to minimize the impact of our operations by operating our facilities to the appropriate industry and international standards, and by working collaboratively with stakeholders to identify and mitigate negative impacts, and to maximize positive ones.
- All Ambatovy employees and contractors have a responsibility to conduct meaningful stakeholder engagement as "ambassadors" for the company. Ambatovy understands that to achieve success in stakeholder engagement, we must integrate the principles of stakeholder engagement within all aspects of our business.

Through our various stakeholder engagement activities, the following topics and/or concerns were raised in 2020:

- Health, safety and security issues, specifically regarding Covid-19
- Temporary shutdown of our operations and resumption of production activities
- Livelihoods development
- Access to resources
- Royalties
- Employment and business opportunities
- Impacts of our operations on the environment, human health, the economy and society
- Compliance with national regulations and international standards
- Good governance.

Each of these topics has been raised by several of our stakeholder groups (indicated below), signaling to us that these are the key topics of interest and concern. We regularly engage, report and communicate on these topics with the relevant or concerned stakeholders. As described below, our engagement tactics vary depending on the type of stakeholder group involved, the nature of the interaction, and the topics and issues raised.

Ambatovy's stakeholders are identified as those who have been directly or indirectly impacted by our activities, who have an interest in the company and/or who have an ability to influence matters, be it positively or negatively. Through our stakeholder identification process, we have identified 10 groups of national and international stakeholders:

- Malagasy Government and Regulatory Bodies
- Regional and Local Authorities
- Local Communities and People Affected by the Project (PAPs)
- Malagasy General Public
- International Community
- Civil Society Organizations and Local Non-Governmental Organizations (NGOs)
- Press and Media
- Private Sector/Business Community
- Our Employees and Contractors
- Our Shareholders and Lenders

Malagasy Government and Regulatory Bodies

Ambatovy strives to have an open and transparent relationship with the Government of Madagascar at all levels as well as with regulatory bodies that are authorized to oversee our operations. This transparency is achieved through ongoing engagement and reporting that frequently go beyond what Ambatovy's legal obligations require. We meet with relevant ministries and authorities at national, regional, and local levels and often host members of these institutions for site visits to help them better understand Ambatovy's operations, approaches and challenges. In 2020, Ambatovy engaged with government officials on a wide range of important matters and policy issues specifically related to Ambatovy. We also had extensive engagement with officials on issues related to the pandemic including health measures taken at our sites, the temporary shutdown of our operations and the situation of both national and expatriate employees (Technical Unemployment, repatriations as well as returns to Madagascar), and donations for the fight against Covid-19. As in previous years, we continued to work closely with the ONE with regards to our environmental and social commitments.

Regional and Local Authorities

As with counterparts on the national level, Ambatovy collaborates with regional and local authorities in many aspects of our operations. In order to encourage transparency through continuous and open communication, Ambatovy regularly offers informational visits and tours to regional and local authorities. In 2020, Ambatovy worked closely with regional authorities to obtain special authorizations for employees and contractors to travel to/from and between our sites when travel restrictions were in place, as well as to help in the fight against Covid-19 with donations of equipment, materials, supplies and meals for health workers and patients at local hospitals, schools, treatment centers and government agencies.

Local Communities and People Affected by the Project (PAPs)

We understand that individuals who reside in communities near our sites are the very people who can be most impacted by our activities. They are therefore very important to us and we aim to build enduring relationships with our neighbors to make sure we manage our operations in an open, respectful and transparent manner. The Sustainability team continues to maintain constructive dialogue with various actors in the communities, ranging from traditional local authorities to representatives of the *fokontany*.¹ In 2020, despite the challenges we faced, Ambatovy continued to engage local communities near our sites and our conservation zones by promoting income generating activities (IGAs), developing forest stewardship initiatives, strengthening local capacity for resource management, and facilitating partnerships with farmers' organizations.

Malagasy General Public

Ambatovy focuses not only on the local communities around our sites but also the general public in Madagascar. In the early months of the year – prior to our temporary shutdown – we were able to carry out four mini Open Door events and 72 information sessions. These types of events provide the public a valuable opportunity to exchange with Ambatovy employees in order to obtain information on the nature of Ambatovy's activities, to get a better understanding of the mining industry and international standards, and to dispel rumors. Engagements also continued during the shutdown phase to help combat the stigmatization of Ambatovy employees in their communities caused by rumors and misinformation on the source of the Covid-19 outbreak. Ambatovy worked directly with public leaders who played a critical role in keeping their communities informed on the Covid-19 crisis.

¹In Madagascar, the *fokontany* is a political subdivision equivalent to a village or group of villages.

Ambatovy also participates in local and national fairs as well as conferences and workshops, especially in the domains of sustainability, employment, the environment, health and safety, good governance and economic development – areas that we consider key to sustainable development and responsible mining. In 2020, although physical gatherings were greatly reduced and limited throughout much of the year because of the pandemic, we participated in a conference organized by IndustriALL Global Union² on the ILO Convention 176 (Safety and Health in Mines), as well as in a panel discussion at an event organized by the French Embassy, the *Institut Français de Madagascar* (IFM) and UNICEF to share our experiences on the intersection of environment and health issues. We also participated in several other events, organized mainly online given the health context.



International Community

Ambatovy engages with the international community in Madagascar, including diplomatic missions, UN agencies, donors and international non-governmental organizations (INGOs). This engagement helps create and reinforce synergies between Ambatovy and other international groups, and provides valuable opportunities to establish a climate of trust, respect and openness, to exchange information, to develop best practices and to establish partnerships. Such partnerships are extremely important for Ambatovy to maintain our social license to operate, to ensure that Ambatovy’s interventions are complementary with other groups, to tap each partner’s strengths and expertise in order to have a greater and more sustainable impact, and to share experiences and lessons learned. In 2020, Ambatovy was invited to participate in a session during UNICEF’s “Business 4 Results” regional training program for Eastern and Southern Africa that aimed to strengthen UNICEF’s partnerships with the private sector. We also welcomed several representatives from diplomatic missions to visit our sites, and engaged closely with various embassies and consulates in Madagascar on the safe repatriation of our expatriate employees in the early stages of the pandemic and at the beginning of our temporary shutdown.

²IndustriALL Global Union represents 50 million workers in 140 countries in the mining, energy and manufacturing sectors and works to promote better working conditions and trade union rights around the world.

³SAHA stands for “*Sahan’Asa Hampandrosoana ny eny Ambanivohitra*”, meaning Rural Development Program.

Civil Society Organizations and Local Non-Governmental Organizations (NGOs)

We engage actively with civil society organizations where common interests and concerns exist, whether these are broad policy issues with a national scope or local issues that affect communities around our operations. Consistent with our approach to all stakeholders, we respect the views of civil society groups and seek to build dialogue in a constructive manner. We are pleased to partner with a number of civil society organizations that collaborate with us on the implementation of programs that fulfill our commitments to our stakeholders as well as our above-mentioned objectives. In 2020, we continued our collaboration with the local NGO Mitsinjo on the special conservation program for the Golden Mantella frog near the Mine Site. We also continued our partnership with the local NGO SAHA³ for the support and accompaniment of communes that receive royalty payments from Ambatovy. During the fourth quarter of the year, for example, we handed over the updated Communal Development Plans and spatial planning documents to local authorities that were completed in Phase I of this partnership. We also participated in the successful launch of a new local association, Women in Mining and Resources (WIMR) – Madagascar, founded by an Ambatovy employee and created with the objective of promoting the participation, representation, leadership and inclusive empowerment of women in the extractive sector. Later in the year, WIMR – Madagascar organized an online event to discuss the contributions of the extractive sector to the country’s economic recovery post-Covid-19, at which we also participated.

More information about our partnerships with both international and local organizations can be found in Appendix 2.

Press and Media

The press community constitutes one of Ambatovy’s most important stakeholders and is a key partner in information-sharing with the general public. Collaboration with the press and media occurs on a regular basis and is especially important in dispelling rumors and disseminating clear and timely information. Our engagement focuses on broadening public understanding of Ambatovy’s activities and providing a more holistic view of our objectives and responsibilities as part of the wider mining industry. Ambatovy regularly issues press releases and newsletters and offers site visits to journalists in order to cultivate a truthful public record of our activities. Throughout 2020, Ambatovy engaged heavily with the press and media community to keep them aware of our company’s actions, the progress of our shutdown, and the unfortunate consequences the halt in the business was having on the economy. Our continued engagement with the press ensured that we were able to stay abreast of the rumors circulating in the country and to help combat the growing amount of misinformation. We also maintained our presence across social media platforms to more fully engage local and international audiences and to further distribute information on Ambatovy’s actions and interventions.

Private Sector/Business Community

Ambatovy has an extensive supply chain, and our suppliers are integral stakeholders for us. While we have a range of suppliers around the world, Ambatovy emphasizes local procurement through the Ambatovy Local Business Initiative (ALBI) as part of our commitment to support the Malagasy economy. ALBI offers technical support to local enterprises, thereby allowing them to supply a range of goods and services while meeting our high standards, such as caustic soda, workers' uniforms and raincoats, wooden pallets and windsocks. In 2020, we participated in several consultations with the African Development Bank (AfDB) to share our ALBI experiences and to discuss opportunities and challenges for big companies like Ambatovy to work with small and medium sized enterprises (SMEs) in their supply chain, as part of the AfDB's efforts to develop a new program to support SMEs. Despite the challenges of 2020, our focus on local procurement remained in place, with approximately \$ 131 million in goods and services purchased from local

businesses throughout the year. More information about our commitment to local procurement can be found in the section on Economic Performance.

We also engage regularly with the wider business community in Madagascar to discuss issues of mutual interest or concern. We are a member of the Chamber of Mines of Madagascar as well as the Madagascar Business Association (*Groupement des Entreprises de Madagascar*, GEM), and the Madagascar Industries Union (*Syndicat des Industries de Madagascar*, SIM). Through our engagement with the wider business community, our goal is to contribute to promoting exchanges and learning, strengthening the voice of the private sector, enhancing the business climate in Madagascar, and demonstrating responsible business practices. This engagement was particularly important in 2020, as many businesses across the country and in different sectors were affected by the pandemic, in order to discuss impacts, mitigation measures and potential recovery efforts post-Covid-19.

Ambatovy has been an active member of the Private Sector Humanitarian Platform (PSHP) since its creation several years ago. The Platform brings together companies that are interested in strengthening their contributions to emergency preparedness and response efforts in the country, in collaboration with national and regional authorities and traditional humanitarian actors. This Platform was created with the support of the UN Office for the Coordination of Humanitarian Affairs (OCHA) and the National Office of Disaster Risk Management (BNGRC), as part of the preparations leading up to the UN's World Humanitarian Summit that took place in Istanbul in 2016. In 2020, Ambatovy's contributions to the fight against Covid-19 were included in a video prepared by the PSHP to mark International Day for Disaster Risk Reduction. Held every year on October 13th, the day celebrates how people and communities around the world are reducing their exposure to disasters and raising awareness about the importance of diminishing the risks they face.

Our Employees and Contractors

At Ambatovy, we aim to recruit national employees whenever possible and are committed to developing a skilled local workforce. Indeed, recruiting, developing and retaining talented and motivated employees helps us to be more productive, to deliver better business results and to be an employer of choice in Madagascar. In previous operation years (before the arrival of Covid-19), Ambatovy employed approximately 10,000 direct employees and contractors. Thousands of Malagasy employees and contractors have, over the years, received technical and administrative training. Investing in such training provides them with the skills required to assume roles with increasing responsibility during the life of our operations. Moreover, the partnerships we maintain with local technical schools ensure capacity building for our workforce and the local population.

In 2020, our objective was to keep employees informed and engaged in our company's actions even though the majority of the workforce had to be placed on Technical Unemployment (TU) in the second quarter, due to the Covid-19 outbreak. Increasing

our means and methods of communication, developing new tools and carrying out one-on-one engagements helped maintain a sense of control over the misinformation that is all too common in difficult and uncertain situations and helped to maintain the relationships we had fostered with the employee family. But the end of the year, we were progressively bringing back our employees and certain contractors to our sites, in preparation for a safe and secure re-start in early 2021.

Our Shareholders and Lenders

Our shareholders and lenders play an integral role in supporting our operations. In 2007, Ambatovy partners reached a financing agreement with a consortium of 14 lending institutions.⁴ This consortium is comprised of government-sponsored export credit agencies, international development banks, and commercial banks from around the world. We report regularly to the lenders on a wide range of sustainability issues and we communicate through our partner companies to financial and industry analysts who assess commodity markets.

⁴Ambatovy received US\$ 2.1 billion in financing from this consortium. Please see www.ambatovy.com for a complete list of these 14 lending institutions.





Governance and Human Rights

Objectives

- Endeavor to meet and, when possible, exceed the mandatory and voluntary compliance requirements of our agreements with the Government of Madagascar, our lenders and other stakeholders.
- Ensure that our employees and contractors comply with Ambatovy’s standards of ethical behavior, good governance and human rights.
- Contribute to good governance in the mining sector within Madagascar.

Approach

Our commitment to working with integrity, transparency, respect and the highest ethical standards provides the framework to ensure that Ambatovy is an organization that respects our communities, our partners, and our employees. Ambatovy is committed to taking into consideration the interests of our stakeholders in our decision-making, and to respecting culture, customs, values and human rights in our interactions with all those affected by our activities. This includes avoiding actual and perceived conflicts of interest, having zero tolerance for corruption of any form, and respecting the rights of all people with whom we interact. We do this by rigorously implementing our Business Ethics Code, Anti-Corruption Policy and Human Rights Policy, and by ensuring we have the systems and programs in place to realize our expectations.

We hold all employees, regardless of their position, responsible for respecting both their fellow employees and the communities around our operations. We also expect that the companies with which we work maintain the same level of ethical behavior. Our suppliers and contractors are required to sign a Supplier Code of Conduct and to fulfill certain labor requirements if they wish to do business with us. Our Supply Chain Management (SCM) team is responsible for educating our suppliers and ensuring their compliance with our standards.

Human rights issues are an inherent risk to all mining sites around the world. To manage this risk, we are aligning with international best practices and expectations regarding human rights, and we take human rights very seriously, in line with our commitment to minimizing actual and potential negative impacts of our operations on local communities. Human rights protection and awareness have been integrated into our operational and sustainability strategies. We have a formal Human Rights Policy that affirms the commitment of Ambatovy to operate in a way that respects human rights as set forth in

the Universal Declaration of Human Rights (UDHR). Human rights are addressed through the IFC Performance Standards, with which we are obliged to comply, and we adhere to the Voluntary Principles on Security and Human Rights (VPSHR) in all of our areas.

We believe that human rights are everyone’s responsibility and, as a major purchaser of goods and services in Madagascar, we have worked to ensure that human rights violations are not present in our supply chains. Both employees and external stakeholders have access to Ambatovy’s Grievance Management and Whistleblower Systems for filing grievances on any subject, including unethical behavior and human rights violations. We are committed to investigating any violations and ultimately aim to prevent such violations before they take place by informing our employees and key stakeholders of our expectations with regards to respect, honesty and integrity.

Performance



Compliance to External Initiatives (Mandatory and Voluntary)

Ambatovy strives to maintain the highest ethical standards, to respect local culture and traditions, and to comply with the laws and regulations of Madagascar. We endeavor to meet and, when possible, exceed the mandatory compliance requirements of our agreements with the Government of Madagascar, our lenders and other stakeholders. We are also committed to several voluntary measures that go beyond our legal obligations. More information about each of these mandatory compliance and voluntary commitments can be found in Appendix 3.

Mandatory Compliance

	Law on Large Scale Mining Investments (<i>Loi sur les Grands Investissements Miniers, LGIM</i>)
	Decree on Rendering Investments Compatible with the Environment (<i>Décret sur la Mise en Compatibilité des Investissements avec l'Environnement, MECIE</i>)
	International Finance Corporation (IFC) Performance Standards
	Equator Principles

Voluntary Commitments

	Voluntary Principles on Security and Human Rights (VPSHR)
	Extractive Industries Transparency Initiative (EITI)
	Towards Sustainable Mining (TSM)
	International Standard ISO 9001 ⁵
	International Council on Mining and Metals (ICMM)

Some highlights in our work with regards to these standards in 2020:

- Ambatovy continued our active participation on the National Committee of EITI Madagascar. Important topics addressed during the year included: progress on the annual workplan, the flexible measures for reporting requirements proposed by EITI International due to challenges as a result of Covid-19, the recruitment of a new Executive Secretary, beneficial ownership, and the results and recommendations stemming from the second validation process.
- During the renewal of our ISO 9001 certification in March 2020, we achieved zero non-conformities, nine strong points, eight opportunities for improvements and five areas of

concern. With these outcomes, AFNOR was able to announce the renewal of our certification against the ISO 9001 – 2015 standard. This renewed certification demonstrates our continued commitment to quality and to our customers. As part of our strategic directions and to be in line with LME responsible sourcing requirements, Ambatovy is also working towards certification against the ISO 14001 standard (environmental management system) and the ISO 45001 standard (occupational health and safety management system) by December 2023.

- Ambatovy's successful implementation of the Voluntary Principles was featured as a case study in a new, updated brochure of the Voluntary Principles Initiative.

Business Ethics

Ambatovy's core values require that we conduct our business in a moral and ethical manner and that our employees comply with all applicable laws. To support this conduct and to provide clear guidance on what it means to act with integrity, Ambatovy has a Business Ethics Code, an Anti-Corruption Policy, a Code of Conduct, a Zero-Tolerance Policy and a policy against discrimination and harassment in the workplace. The requirements of our Anti-Corruption Policy have been established in compliance with the Malagasy law on the fight against corruption as well as other applicable international legislation, and our Code of Conduct and Zero-Tolerance Policy outline the company's commitment to ethical conduct, compliance with the law, and avoidance of conflicts of interest. All Ambatovy employees are sensitized on our Anti-Corruption Policy and Code of Conduct upon being hired and compliance is compulsory. Refresher courses are given to our employees each year. All new employees (national and expatriate) are required to complete the SkillMine anti-corruption module as part of their onboarding program, within six months of their employment commencement date.

Our contractors are also required to comply with these policies and codes. A requirement to comply with Business Ethics, Anti-Corruption, and Code of Conduct Policies, such as Ambatovy's Environmental Code of Conduct, is included in all contracts awarded to new contractors to ensure they comply with our expectations in these areas; these policies and codes are regularly renewed and updated. Ambatovy also systematically reaches out to our contractors and provides Training of Trainers (ToT) workshops at each of our sites, where contractor representatives acquire the necessary information with the expectation that they will return to their respective companies and share the knowledge and skills they have acquired with their co-workers.

Ambatovy also requires contractors to disclose familial relationships with Ambatovy personnel and to sign an anti-nepotism agreement to prevent the risk of familial interference and influence during the bidding process and throughout the business relationship.

⁵The International Organization for Standardization (ISO) is an independent, non-governmental organization and developer of voluntary international standards. It facilitates world trade by providing common standards across nations. Use of these standards ensures that products and services are safe, reliable, and of good quality. ISO 9001 certification is based on quality management principles, including strong customer focus, motivation and commitment of Senior Management, the use of a process and risk-based approach to managing the business, and continuous improvement.

Human Rights

Protection of Children's Rights

Madagascar is a signatory to the Convention on the Rights of the Child (CRC) and the Government has shown a commitment to respecting children's rights. The legal system includes legislation on child labor, human trafficking, sex tourism, birth registration, etc. Unfortunately, despite the existence of these laws, public awareness and understanding is limited and enforcement is often weak. Moreover, the particular vulnerability of Madagascar's children might put them at further risk of not having their rights respected and upheld, such as by being forced into unsupervised and dangerous working conditions.⁶ Our Human Rights Policy articulates our commitment to the CRC and the entire workforce must sign our Zero-Tolerance Policy for child exploitation. All of our contractors are also required to adhere to our policies on child and forced labor and fundamental human rights. For example, when a local business is being considered as a potential future supplier or service provider, human rights considerations are part of the assessment process. For our existing suppliers, audits are carried out sporadically by staff from ALBI and our Quality Management System (QMS) team. In the event there is an actual or potential violation of human rights, the contractor is immediately suspended from our supplier list as a human rights violation is considered a breach of our mandatory Code of Conduct.

As part of this commitment to human rights, Ambatovy has had a longstanding partnership with UNICEF. This has included work in the areas of education, youth development and child protection. As an extension of this work and in collaboration with UNICEF, the local NGO Penser and the Ministry of Industry and Trade, Ambatovy developed and rolled out a training program for our contractors and suppliers on the Children's Rights and Business Principles (CRBPs). The CRBPs are ten principles, developed by UNICEF and the international NGO Save the Children, to help companies identify pragmatic actions to support children's rights in their activities and operations and to put a child rights lens on their work. This work has become more important and relevant in recent years because the mining industry has seen a growing requirement from manufacturers and consumer-facing companies to demonstrate responsibility in their supply chains, which is subsequently putting pressure on upstream mining companies to provide evidence of social and environmental responsibility at their operations, with a particular focus on human rights, labor rights and occupational health and safety.

In line with the PGEDS commitments, Ambatovy is also dedicated to the national campaign against child exploitation and works with a range of key stakeholders to broach child protection issues in local communities. In 2020, in accordance with the national Covid-19 health measures, most face-to-face meetings with stakeholders were put on hold. Awareness campaigns, however, continued through radio programming organized in collaboration with the Child Protection Networks (CPN).

Voluntary Principles on Security and Human Rights (VPSHR)

We are committed to safeguarding our people, assets, reputation and the environment, while respecting the rights of the public. Our security policy outlines our principles for creating a safe and secure business environment and for conducting security operations in compliance with local, national and international legal requirements, security standards and law enforcement principles. Our management approach to site security involves identifying, understanding and minimizing security threats and risks; working with local law enforcement authorities to respond appropriately to security incidents; reporting and investigating security-related incidents and complaints and taking actions to minimize the probability of recurrence; and implementing relevant international principles, including the VPSHR.

Ambatovy has taken a series of proactive steps to bring our sites into greater conformance with the VPSHR. When our operations were first getting underway almost ten years ago, Ambatovy conducted third-party rights risk assessments that mapped out human rights and security-related risks to both our company and our stakeholders. The results of the risk assessments have been used to strengthen existing policies and procedures as well as to develop new systems and programs to prevent and mitigate the identified risks. We have incorporated VPSHR-related requirements into our agreements with both private and public security providers. Such requirements include pre-employment screening and comprehensive training on security, human rights and the use of force. Human rights awareness is also now a requirement of security companies submitting or resubmitting proposals in our contract tender process.

In 2020, there were no security incidents involving allegations or claims of human rights abuses at Ambatovy. Our Security Manager, or his designate, holds monthly meetings with the *Commandant* of the *Gendarmerie* during which the Voluntary Principles are discussed. We also continue to engage with security forces, donor agencies and diplomatic missions, civil



⁶According to UNICEF, nearly a third of children aged between five and 14 in Madagascar are involved in economic activities. The problem is more acute in rural areas where children work with their families in agriculture and fishing. 25% of these children perform jobs that are considered the worst forms of child labor and that pose particular health and safety risks: sexual exploitation, domestic help, work in rock quarries and in gemstone mines (artisanal mining), and other dangerous work. In many instances, children are sent to work before or after school, or are removed from school altogether.

society organizations, other extractive companies and other groups that are interested in security and human rights issues at workshops, conferences and seminars. In 2020, for example, we participated in a consultation as part of a baseline study conducted by DCAF – Geneva (the Geneva Center for Security Sector Governance) on behalf of Malagasy authorities to help strengthen governance, oversight and effectiveness of the private security sector in Madagascar.

The Ambatovy Grievance Management System

According to the Guiding Principles for Business and Human Rights (often referred to as the “Ruggie Principles”), there is a state duty to protect human rights and the corporate responsibility to respect human rights; there is also the need to provide access to remedy for victims of business-related abuses. As such, an important aspect of engaging with our stakeholders and building our social license is listening and responding to community concerns and incidents. Our ongoing community relations activities are designed to capture and resolve most of these issues before they escalate. However, for those issues that cannot be resolved through direct consultation, it is important to provide a credible, confidential and formal mechanism to receive and address grievances. Grievance mechanisms are processes to receive, classify, acknowledge, investigate and respond to community complaints. These are valuable early warning systems that can resolve sources of friction between stakeholders and companies, and can, over time, build trust.

At Ambatovy, remedies for complaints, up to and including potential human rights violations, are provided through our Grievance Management System. Since it was established in 2012, Ambatovy’s Grievance Management System has provided our communities with a transparent, participatory channel through which anyone can raise an issue of concern and be assured of receiving fair and thorough consideration. The system has incorporated best practice guidance from a number of sources in order to ensure it is practical and credible. It includes, for example, an External Grievance Oversight Committee, comprised of respected members of local communities, that meets regularly to review the overall grievance management process (the response time, the fairness of the system, the relevance of resolutions, etc.) and to provide feedback and suggestions for improvement. The system also includes a team of local Grievance Registry Managers that handle complaints at the local level first-hand.

In 2020, the number of lodged grievances continued to decline, consistent with a seven-year trend. Ambatovy received 15 grievances, as compared to 82 in 2019, 114 in 2018, 85 in 2017, and 106 in 2016. Of the 15 grievances received during the year, most were related to impacted rice fields and all of them were resolved within 90 days, as per the timeframe set out in Ambatovy’s Standard Operating Procedure (SOP). We also made considerable headway in processing outstanding cases. Despite the challenges created by Covid-19, a total of

137 grievances were thoroughly investigated and closed out in 2020.

To ensure continuous improvement of the grievance management process, an external review of the management system was initiated in 2019 involving a series of public consultations and interviews with stakeholders. In 2020, the review continued, through an internal evaluation of policies and procedures that, when combined with the stakeholder feedback, should enable significant improvements to the overall Grievance Management System at the operational level.

In 2020, a new Whistleblower System was launched in order to replace and upgrade the one originally established in 2017. The system allows employees to anonymously report issues of concern relating to health, safety and security; theft and fraud; violation of laws, policies and procedures; harassment; manipulation or falsification of records and contracts; unethical conduct and conflicts of interest. The confidential system offers employees the opportunity to report issues which they are not comfortable discussing with their supervisors or with Ambatovy’s Senior Management. A toll free number has been established and callers can speak in Malagasy, French or English; they can also make contact through a web-site. This system is in line with our commitment to respect human rights and with our efforts to create a healthy organizational culture. If we identify adverse human rights impacts, we will take steps to address them promptly (although, to-date, no human rights-related grievances have been reported).



In 2020, only two reports were received through the Whistleblower System, due to Covid-19 and the Care and Maintenance period. The concerns related to irregularities in the recruitment process of an employee and a Health & Safety incident. They were both investigated by the Directors of Human Resources and Environment, Health & Safety, respectively, and closed following feedback and appropriate actions.



Economic Performance

Objectives

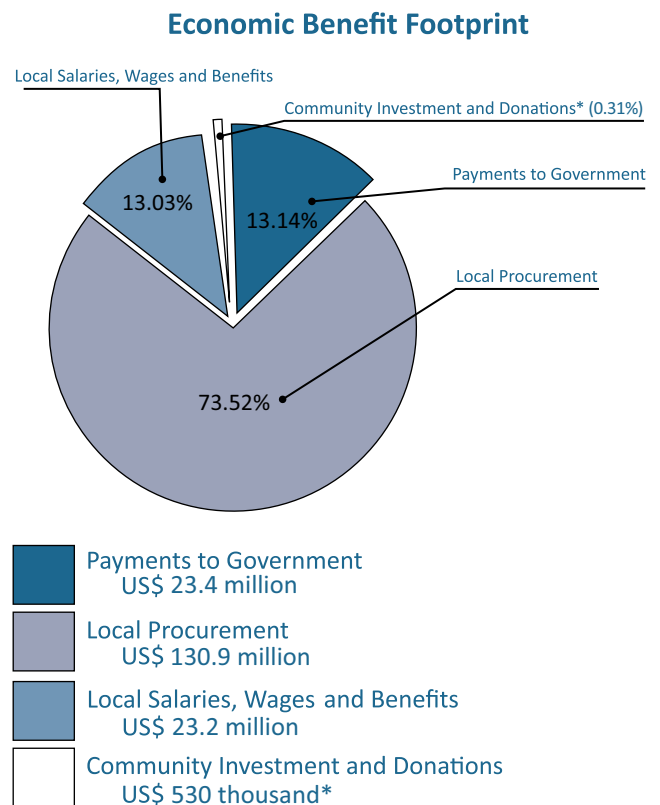
- Position Ambatovy as amongst the most successful nickel laterite operations in the world, with a real competitive advantage, in order to secure long-term company sustainability for the benefit of our employees, the country of Madagascar and our shareholders.
- Maximize the economic returns of our operations to local communities, to the extent possible.
- Prioritize local procurement and invest in local capacity to be able to participate in our supply chain.

Approach

Ambatovy is aware that our presence in Madagascar can have considerable economic impacts at the national, regional and local levels. Our vision is to significantly contribute to Madagascar’s development and to maximize the economic returns of our operations to local communities. Our decision to refine our products in-country brings important value-added for Madagascar, including the creation of thousands of additional jobs, increased earnings for the host communes, regions and the country, and the construction of local infrastructure, to name but a few. At the national level, with Ambatovy’s exports beginning in 2012, nickel has become one of the top exported products for the country. Nickel and cobalt export earnings have helped to curb the external current account deficit, maintain the value of the local currency (Ariary), and build up adequate foreign reserves. Locally, significant economic returns have already been seen in the form of salaries, wages and employment benefits, improved infrastructure, and business opportunities.

In recognition that an operation of this size can create both positive and negative economic impacts, Ambatovy has implemented a number of mitigation measures to counterbalance any undue results. For example, to help control inflation, we purchase our produce from bulk purchasing centers which source from local farmers for fruits and vegetables. We have also dedicated ourselves to improving the capacity of local companies to deliver goods and services of international quality through regular support and training. Ambatovy also recognizes that with an investment of this size, there is a responsibility to ensure that funds are managed ethically and transparently and that we do our due diligence to lessen the chance of corruption in all of our transactions.

our “economic benefit footprint”, which includes payment of taxes, royalties and fees to the Government; the procurement of local goods and services; payment of local salaries, wages and employment benefits through our local recruitment efforts; and community investment and donations spending that goes above and beyond our obligations and commitments. In 2020, our economic benefit footprint was approximately US\$ 178 million, broken down as follows:



*Our Community Investment and Donations reporting reflects all community spending above and beyond our legal requirements.

Performance



Economic Benefit Footprint

When evaluating the overall economic impact that our presence delivers at national, regional and local levels, we track

Payments to Government

In 2020, Ambatovy paid approximately US\$ 23.4 million in government payments, including US\$ 3 million in royalties to the decentralized territorial collectivities during the year. There were no fines related to environmental or product compliance infractions during the year.

Local Procurement

Almost 74% of our benefit footprint in 2020 resulted from the purchase of goods and services from local suppliers, reflecting our commitment to maximizing the economic returns to local communities. We have implemented a range of programs and have made support tools available to local businesses and entrepreneurs so that they can provide Ambatovy with goods and services that meet our standards of procurement and quality. The Ambatovy Local Business Initiative (ALBI) was established several years ago to support this commitment and to uphold our local procurement policy of “buy locally, hire locally.” As of the end of 2020, 5,000 potential vendors were vetted and registered in our database, and, during the year, approximately 330 local suppliers provided Ambatovy with goods and services across 40 sectors of business including construction, transportation, cleaning and catering services. Examples of locally sourced materials include the pallets used for our shipments of nickel and cobalt as well as uniforms and raincoats distributed to our employees. These suppliers, in turn, create much-needed job opportunities. The exact number of jobs created to indirectly support Ambatovy’s procurement needs is difficult to calculate – however, we know that almost 500 jobs were created to build wood pallets, produce uniforms, and recycle plastic, tires and wood.



Ambatovy continues to remain dedicated to local procurement and has seen success in emphasizing local sourcing whenever it is possible. Since the start of our operations in 2012, Ambatovy has spent more than US\$ 2.6 billion in local purchases; in 2020 alone, this number was approximately US\$ 130.9 million. Our vendors continue to have access to training modules and mentoring support in areas such as quality, health and safety, environment, the labor code and financial analysis. Audits are conducted periodically to verify our vendors’ capacities to safely and reliably deliver goods and services, in compliance with legal, regulatory and tax requirements in Madagascar, as well as with Ambatovy’s policies and standards with regards to quality, health and safety,

our environmental code of conduct, business ethics and human rights. In 2020, two local vendors were audited, making a total of 576 audits carried out since 2011.

Local Salaries, Wages and Benefits

Local salaries, wages and employment benefits accounted for approximately 13% of our benefit footprint in 2020, reflecting our commitment to maximizing employment opportunities for the Malagasy population and our contributions to raising the standard of living and creating wealth in communities near our operating sites through competitive wages and working conditions. For more information on recruitment and training, please see the section A Safe and Rewarding Workplace.

Community Investments and Donations

We endeavor to achieve maximum local impact with the funds we spend on community investment and with the donations we make. A significant portion of our community investment spending in 2020 continued to be through the Social Investment Fund (SIF), a US\$ 25 million allocation established in 2012 in partnership with the Government of Madagascar. The SIF supports several projects, such as rehabilitating public infrastructure, such as schools and electric generators; and building new ones, like markets and roads. In order to be eligible for SIF funding, projects require support from communities, the Government of Madagascar and Ambatovy. Many of these projects have been completed and the others continue. The implementation of social investment and infrastructure projects financed through the SIF remained a priority in 2020 but faced unforeseeable delays due to the Covid-19 pandemic. Nonetheless, achievements in 2020 included the delivery of two ambulances to the District of Moramanga and the completion of Phase I of the *Tsarantana* Good Governance Project with our local partner SAHA, with the handover of Communal Development Plans to Communes in our operating areas. Other planned SIF activities during the year, notably the construction of the ONE laboratory and the rehabilitation of cyclone-damaged schools, were re-scheduled until 2021 due to Covid-19 constraints.

In addition to the implementation of projects supported through the SIF and as described further in the section on Communities and Social Relations, Ambatovy also has extensive activities in livelihoods development, community health and safety, work with resettled families and cultural heritage.

Every year, Ambatovy also sets aside funds to respond to requests for donations and sponsorships. In 2020, despite being unable to generate revenue for the majority of the year, Ambatovy made several donations of equipment, materials, supplies and other support to assist in the fight against the spread of Covid-19 at both national and regional levels, in particular in communities and urban centers near the Mine and Plant Sites. With a total value of more than 1 billion Ariary, these contributions included:

- Donation of ventilators, major medical supplies and Personal Protective Equipment (PPEs) to hospitals, treatment centers and government agencies.



- Provision of meals for Covid-19 patients and for health personnel operating checkpoints along the National Road.
- Coverage of costs associated with transporting medical equipment offered by South Korea to Madagascar.
- Donation of Covid-19 kits distributed to public primary schools (including masks, hand washing devices and boxes of disinfectant gel).
- Use of two ambulances, donated to the District Hospital of Moramanga, for the transport of Covid-19 patients to Antananarivo.
- Essential items (food, soap, baby kits) to vulnerable women on International Women’s Day.
- Five sewing machines to the Moramanga Association of Disabled Women to assist in the manufacturing of clothing.
- Drugs to the Moramanga District Public Health Service in order to assist in the treatment of an outbreak of scabies in the area, particularly in schools around the Mine Site.

Some examples of other donations that Ambatovy made during the year include:

- School furniture to the Soamahatsinjo school near the TMF.
- 900 kg of paint to six schools used for preparing for the start of the new school year.

More information on our community investments (including a complete listing of all the projects supported through the SIF) and our donations can be found in the section on Communities and Social Relations and in Appendix 4. It should be noted that Ambatovy does not make any donations to political parties, politicians or related institutions.



Communities and Social Relations

Objectives

- Develop a climate of mutual trust, transparency and open dialogue between Ambatovy and neighboring communities.
- Promote positive and sustainable impacts within communities and contribute to improved living conditions of the local population.
- Mitigate the potential negative impacts on affected populations and their surroundings.

Approach

Now more than ever, local stakeholders—from local communities to civil society organizations – expect to experience tangible benefits and improvements in their standard of living and quality of life from natural resource extraction and processing. This is particularly true in places where socio-economic development has been lagging, infrastructure is lacking and human development indices are low. Within the industry, there is recognition that mining and energy companies have a role that extends beyond the simple provision of returns to shareholders. For a company to be truly sustainable, it must build broad social license and demonstrate that it delivers a net-positive benefit to local communities and to society as a whole. It is for this reason that benefitting people and helping to catalyze the development of sustainable communities is so important to us.

Ambatovy's activities have significant potential to impact the communities where we operate. The process of how we handle these impacts and the end results, both positive and negative, affect our relationships with local communities. A planned, transparent and constructive approach to community engagement and development is therefore critical to maintaining our social license to operate and ensuring that communities benefit from our presence. We are also conscious of the need to balance government and community expectations against our ability to deliver benefits throughout the life of the Mine, and to ensure that we do not foster dependency or substitute for government services. Our goal is to leave communities no worse off, but ideally much better, than when we arrived.

Community engagement is critical for establishing mutual understanding of one another's needs, interests, aspirations and concerns; for making decisions to support business objectives

related to growth, risk management and operational excellence; and for collaborating to address local priorities.

Constructive relationships with community stakeholders are essential to securing and maintaining our social license to operate, creating mutually beneficial outcomes and ensuring that being our neighbor is a globally positive experience. Our approach to community engagement continues to emphasize open, transparent communication with local communities concerning our activities. Since major extractive operations of Ambatovy's magnitude are still relatively new in Madagascar, we have seen a need to increase community interactions and face-to-face consultations (limited since the onset of Covid-19) in order to counter wide-spread rumors, fears and misunderstandings.

An important aspect of engaging with our stakeholders and building social license is listening and responding to community concerns and incidents. Our ongoing community relations activities are designed to capture and resolve most of these issues before they escalate, but for those issues that do, it is important to have a credible community grievance mechanism in place. As described in the Governance and Human Rights section earlier in this report, Ambatovy has established a Grievance Management System.

Our Communities and Social Relations (CSR) program focuses primarily on livelihoods development, support for education, improvement of community infrastructure through donations and the Social Investment Fund (SIF), community health and safety, work with resettled families, community engagement and cultural heritage. Collaboration with local authorities and partnerships with NGOs and other civil society groups continue to play a key role in our approach to Communities and Social Relations.

Performance



As noted earlier in this report, due to the Covid-19 pandemic, with the official travel restrictions and confinement measures as well as the reduced number of employees as a result of Technical Unemployment (TU), Ambatovy was obliged to adapt our approaches and the way we worked throughout much of 2020. For example, in order to respect health protocols, hygiene measures and social distancing requirements, teams worked from home; they scaled back face-to-face meetings to the extent possible and held virtual meetings instead; they met with fewer people in smaller groups, there were limitations on traveling to Ambatovy sites, etc.

Livelihoods Development

The Livelihoods Development component of our work reflects Ambatovy's commitment to improving the living conditions of people who reside in proximity of our sites. The Livelihoods Development program aims to enhance food security for these community members as well as to ensure and increase their sources of income, develop greater self-reliance and promote long-term development. Our Livelihoods Development activities include capacity building, organizational support, the provision of agricultural inputs, partnership development, and opportunities to network and gain access to markets.

Ambatovy remains committed to monitoring erosion and restoring impacted land along the Pipeline, and continues to work with farmers whose rice fields were affected during the construction phase or whose fields may be impacted during maintenance activities. Towards that end, we have invested in technical training, the provision of inputs and small agricultural tools, the dissemination of improved cultivation methodologies, the preparation of demonstration plots, the organization of exchange visits, and the establishment of partnerships with external NGOs and enterprises in order to develop new livelihoods and market opportunities for local villagers.

In 2020, we worked with agricultural cooperatives, farmers' associations, NGOs and the private sector to support income generating activities (IGA) and to facilitate new marketing opportunities. Some examples of our livelihoods activities during the year include:

- Farmers' cooperatives near the Plant, Tailings and Mine Sites produced and sold almost 120 tons of seasonal fruits and vegetables to Newrest, Ambatovy's catering contractor. Newrest provides catering services to approximately 10,000 people per day, representing a very important market for farmers near our facilities.
- In addition to providing bean seed and fertilizer to allow farmers' cooperatives near the Mine Site to improve their production, Ambatovy supported the storage of three tons of dry beans to help local farmers enhance their food security, particularly during the difficult lean season.
- In collaboration with the World Bank's CASEF Program, Ambatovy has been supporting the promotion of the passion fruit value chain. Six cooperatives from Brickaville

and Toamasina II received practical training and achieved their goal of planting over 6,850 seedlings. In December, the farmers' first harvest yielded 2.28 tons of passion fruit.

- Ambatovy collaborated with the NGO St. Gabriel to promote the use of ecological cooking stoves in order to mitigate the harmful health and environmental impacts of wood and charcoal fuel. Thirty households received training in the use of these new models and an additional ten villagers were trained in their design and production.
- Two cooperatives in our Pipeline area were able to sell 49.5 tons of litchi for export and continued to provide national markets with 14 tons per day for 10 days during the litchi season.
- Ambatovy collaborated with a local agri-business enterprise to develop ginger and chili pepper value chains with farmers living near the Mine and the Mangoro pumping station. This collaboration provides farmers with technical training and inputs as well as a steady market opportunity for their products.



Education

Providing educational opportunities to the children in local communities has been a priority of our social engagement activities since the construction period. In 2020, Ambatovy facilitated children's access to education by providing school kits to more than 6,900 students from 22 public schools in Toamasina I, Toamasina II, Brickaville and Moramanga. The school kits helped lessen the financial burden of school fees on families, especially during these challenging Covid-19 times, and helped maintain children's enrolment rates. The school kits were supplemented with Covid-19 materials, including masks, disinfectant gel and hand-washing devices, in order to promote the safe reintegration of children back into classrooms following disruptions caused by the national health crisis.

In addition, there were several projects to improve educational infrastructure:

- Two new classrooms were constructed for the *Lycée Morarano* in Moramanga.
- The rehabilitation of three cyclone-damaged schools got underway in Tanambao, Ambavaniasy and Androfia; work is expected to be completed in 2021.
- School furniture was donated to the Soamahatsinjo school near the TMF.
- 900 kg of paint was donated to six schools to be used in the preparations and renovations of classrooms for the new school year.

Ambatovy also continued to support school feeding projects in Vohitrambato, Ampihaonana and Soamahatsinjo resulting in improved school enrolment and attendance rates. The partnership with the local NGO Love and Care continued to support school gardens at the Bethanie School in Toamasina and a new school garden was established at the Berano public primary school in Moramanga. Research into additional projects proposed by the Regional Office of Nutrition is currently underway; these projects will seek to support nutrition activities at six new schools in Toamasina.



Social Investment Fund (SIF)

In 2012, Ambatovy, in partnership with the Government of Madagascar, created the SIF, with a total value of US\$ 25 million to be used for social and infrastructure projects for the benefit of the local population. These projects have been identified in collaboration with local communities and Malagasy authorities, and are managed in accordance with Ambatovy's procurement and purchasing policies. The implementation of social investment and infrastructure projects financed through the SIF remained a priority in 2020 but faced unforeseeable delays due to the Covid-19 pandemic. Nonetheless, achievements in 2020 included the delivery of two ambulances to the District of Moramanga and the completion of Phase I of the *Tsarantana* Good Governance Project with our local partner SAHA, with the handover of Communal Development Plans to Communes in our operating areas. Other planned SIF activities during the year, notably the construction of the ONE laboratory, were re-scheduled until 2021 due to Covid-19 constraints. By the end of 2020, 14 of the 17 SIF projects had been completed or halted, with three still in process (please see Appendix 4 for a full listing of the 17 SIF projects).

Community Health and Safety

As good neighbors, it is critical that we ensure that our operations, transportation activities and other business practices avoid unintended or adverse effects on the public. We follow the regulations of our operating jurisdiction, strive to meet the expectations of nearby communities, and regularly engage and collaborate with local stakeholders on health and safety-related risk awareness and emergency preparedness.

Public Health and Safety

There are natural links between public safety and effective community engagement. Through engagement, we work to understand public concerns and safety risks, evaluate steps we can take to reduce those risks, help clarify misunderstandings and dispel misinformation, and, when appropriate, collaborate with communities on initiatives that make all of us healthier and safer. Through these efforts, we contribute to building a strong safety culture in the communities near our operating sites. In 2020, our focus was on curbing the spread of Covid-19 and supporting front line workers. To this effect, we made donations of ventilators, major medical supplies and PPEs to various hospitals, treatment centers and government offices. We also provided meals to patients, hospital staff and health personnel operating checkpoints along the national highway; covered the costs associated with the shipment of medical equipment from South Korea to Madagascar; and donated two ambulances to the District of Moramanga for the transport of Covid-19 patients to Antananarivo.

Other health and safety-related actions at the community level during 2020 include:

- Ambatovy continued to work closely with the national railroad operator, Madarail, to identify safety and security risks along the railway corridor. In addition to carrying out maintenance activities to remediate damages and reduce risks, Ambatovy also held rail safety awareness campaigns in the communities neighboring the railway. More than 4,600 children from 22 schools were able to participate in these campaigns, significantly contributing to overall safety awareness in the surrounding areas.
- Awareness campaigns were held to improve traffic flow and pedestrian safety along the road near the Operations Camp. "Tuk-tuk" drivers, in particular, were targeted in order to ensure that road safety was being prioritized and that traffic obstructions were reduced near parking areas and pedestrian crossings.
- In November, Ambatovy responded to the Moramanga District Public Health Service's call for contributions to stem the spread of scabies in the municipalities of Ambohibary and Morarano-Gara by providing donations of appropriate drugs to assist in the treatment of this infection, primarily in schools around the Mine Site.
- As described in previous years' Sustainability Reports, in order to mitigate the risk of Manganese seepage downstream from the TME, Ambatovy installed a permanent, alternative water supply system in 21 local villages and 2 public primary schools. Prior to its handover in 2017, 14 local Water Management Committees were trained in the system's management and use. In 2020, maintenance on the water supply was carried out to ensure its long-term integrity and repairs were performed on the pipeline. The local Water Management Committees continued to play an active role in the management and maintenance of the water supply and participate in meeting with Ambatovy and the Regional Directorate of Water.

To further address security issues at the Mine Site, Ambatovy completed another year of work on the “Greenbelt Project”, an initiative aimed at strengthening company-community relations through community engagement, specially targeted recruitment efforts, and joint community projects. In 2020, activities largely focused on developing IGAs within the Moramanga Zone. Ambatovy has also launched the Tailings Security Social Program (TSSP), a project similar to the Greenbelt Project, aimed at reducing security threats through improved company-community engagement. In 2020, the project supported the production and marketing of litchis as an alternative livelihood for communities near the TMF. Four tons of litchies were purchased by Ambatovy’s catering service, Newrest, from the Fanohitra Cooperative, significantly increasing community incomes impacted by Covid-19.



training and then, in turn, to educate fellow employees and raise awareness of preventive measures.

In 2020, despite restrictions faced during the Covid-19 pandemic, Ambatovy continued to carry out awareness-raising and prevention activities for HIV/AIDS on a limited scale. Activities focused on the sensitization of the employees through internal communications and activities (TV screens, intranet, health quizzes). Ambatovy also donated materials and equipment to district health authorities for use during events to mark World AIDS Day in early December.

At the national level, Ambatovy continued to participate in events organized by the International Labor Organization (ILO), UNAIDS, and the National Committee for the Fight against AIDS (CNLS) in order to review and update Madagascar’s policy on fighting HIV/AIDS in the workplace. For example, in December, Ambatovy was invited to make a presentation at a workshop on the Fight against HIV/AIDS in Mining, Tourism and Construction Sectors in order to share our experiences and lessons learned. Our efforts in this domain have been considered a model for other companies.



HIV/AIDS

Madagascar has a relatively low prevalence of AIDS (with an adult prevalence estimated at below 0.3%) and the country has fortunately thus far been able to escape the worst of the pandemic that has hit much of Sub-Saharan Africa. However, the limited access to health and social services, the high rates of other Sexually Transmitted Infections (STIs) plus risky behaviors and other vulnerability factors amongst the population suggest that if HIV/AIDS were ever to gain a foothold in Madagascar, it could spread rapidly, especially in urban areas. HIV/AIDS prevention and awareness therefore remain an integral part of Ambatovy’s social commitment in the field of health. Our objective is to avoid any undesirable social and cultural impacts that could result from our operations, specifically in regards to the spread of infectious diseases, and to contribute to the national goals of keeping the HIV/AIDS prevalence rate low in the general population and of “getting to three zeros”: zero new HIV infections, zero discrimination and zero AIDS-related deaths.

To uphold this commitment, Ambatovy carries out awareness-raising campaigns and prevention programs on HIV/AIDS and STIs in the workplace and in surrounding communities. Our HIV/AIDS efforts target employees and communities using a participatory approach through collaboration with Government (particularly the Ministry of Health), civil society, youth groups, international agencies and community members.

Within the workplace, the Employee Peer Educator Program has been a key element in both our Zero-Tolerance and HIV/AIDS campaigns. Since 2011, Ambatovy has invited interested employees to serve as volunteers in the program, to receive

Emergency Preparedness and Response

One of the most important ways we protect both communities and our business is through effective emergency preparedness and response planning. At our sites, we develop plans, grounded in scenario/risk assessments, to protect the public, the environment and infrastructure in the event of a significant incident. We also implement actions to limit the severity of impacts, should an incident occur. We coordinate closely with emergency responders in both preparedness and response activities, and we regularly conduct joint training exercises with them. Our work in this area is informed by international practices, including the Mining Association of Canada’s Towards Sustainable Mining (TSM) Crisis Management protocol and the United Nations Awareness and Prevention of Emergencies at the Local Level (APELL) program.

In accordance with international standards for industrial risk management, Ambatovy works in partnership with regional authorities to reinforce local capacity in emergency preparedness and response. In 2020, our activities were focused on securing auxiliary components, carrying out disaster management simulation exercises, and raising public awareness about railway, fire and pipeline safety. In Toamasina, two meetings were held with the Regional Committee for Disaster Risk Management (CRGRC) to discuss industrial emergency preparedness and preparations for the cyclone season. Ambatovy continued to work closely with the National Office for Disaster Risk Management (BNGRC) on

the elaboration of the Particular Plans of Intervention (PPIs) and donated 300 pallets to be used within their storage warehouses. In Moramanga, work continued on the implementation of an Emergency Preparedness and Response (EPR) System for the Moramanga area, in collaboration with District officials and the BNGRC. During the first quarter of the year, Ambatovy donated IT equipment for the new local Emergency Operations Center. Equipment included computers, a video projector, a multifunctional printer and a 3G modem. Meetings were also held with the BNGRC and the Civil Protection Unit in order to work on collaboration agreements, to review PPIs and to further develop a capacity building program for the Deconcentrated Technical Services. Due to the Covid-19 pandemic, further activities with the BNGRC were postponed until 2021.

Key accomplishments in 2020 with regards to emergency preparedness and response include:

- To improve emergency preparedness in the event of an incident at the TMF dams, Ambatovy identified and signposted 16 Local Assembly Points surrounding the TMF site. A simulation exercise enacting a dam failure was also carried out with the villages of Antseranambe and Sosomita. Villagers were evacuated to the three nearest assembly points with the assistance of Ambatovy services (TMF, HS, Security and CSR). The drill enabled Ambatovy to identify several continuous improvements to be made to our emergency strategies and evacuation procedures. These include an upgrade to the current alert system which will include the installation of additional fixed and manual sirens.
- Ambatovy imports anhydrous ammonia as a liquid in refrigerated tank ships. It is pumped via an underground pipeline from the Port to a large storage facility four kilometers north of the Plant Site, then is transferred as needed via an underground pipeline to the Plant Site's ammonia storage tanks. In 2020, Ambatovy collaborated with the Commune of Toamasina and other external stakeholders to improve safety and security along the NH3 Pipeline. Garbage removal and rehabilitation works were carried out within the Pipeline corridor.
- A Pipeline Emergency Plan and External Communication Plan are in place to manage impacts in the event of an emergency along the Pipeline that stretches between the Mine and Plant Site. These plans outline all essential activities and procedures in the event of a Pipeline leak. The External Communication Plan is updated every year and communicated with local disaster management authorities. An additional plan, the "Communal Safeguard Plan" (the equivalent to a PPI), is currently being prepared in order to provide municipalities most exposed to risk with specific procedures in the event of an accident or emergency. To secure infrastructure along the Pipeline, Ambatovy conducts regular monitoring along the Pipeline corridor in collaboration with disaster management authorities and local stakeholders. Despite the Covid-19 restrictions, Ambatovy was able to carry out 12 awareness raising sessions with over 300 people regarding the prevention of accidents at Pipeline crossings in early 2020.

Resettlement Communities

Vohitrambato and Marovato

To facilitate construction, Ambatovy had to resettle villagers living in the vicinity of the Tailings Management Facility and Plant Site.

From December 2007 to February 2008, Ambatovy relocated 261 households living at these sites to two resettlement villages, Vohitrambato and Marovato, where they received a range of services and benefits aimed at restoring their livelihoods and improving their quality of life. The construction of the physical infrastructure, such as homes, water points and a school, is long complete but has been only part of our commitment to the two resettlement villages. Our task over the past 12 years has been to carry out a resettlement program following the World Bank's principles on involuntary resettlement, the IFC's guidelines for resettlement action plans, and guidelines set by Madagascar's national regulatory body, the ONE. Our work aims to provide support to these communities while also promoting self-reliance, empowerment and long-term sustainable development. Our activities focus on livelihoods (vegetable gardening, handicrafts, small animal husbandry, etc.), health and hygiene, education and sustainable forestry. Communities have demonstrated an active desire to partake in these activities and to invest in their own development.

Collaboration with partners such as NGOs, civil society organizations, local technical schools and private sector groups is extremely important to help facilitate our work in the resettlement villages. These partners have the skills, knowledge and understanding of the local context to effectively respond to community needs without promoting dependency.

Microfinance provides an important means of supporting entrepreneurship and alleviating poverty in developing communities. Towards that end and as noted in our previous Sustainability Reports, Ambatovy has played an active role in supporting the creation of self-managed Village Savings and Loan Associations (VSLAs) which have become a core activity of communities and have proven to be very successful. The VSLAs provide members with the opportunity to increase their capital and financial autonomy, and allow them to invest in income-generating activities (vegetable gardening, handicrafts, small animal husbandry, etc.), to market their products, to cover health and education expenses for their families, and to meet certain social obligations. Members of the VSLAs have received training in the principles of microfinance, the culture of savings and credit, and organizational governance.

In addition, Ambatovy supports the management of 36 ha of forest and 69.5 ha of forest plantations near the resettlement villages. Known as the Analabe Forest and comprised of primary and degraded forest, it is located near Vohitrambato. It not only provides critical habitat for flora and fauna, but it is also an essential source of natural resources for the local communities. The forest is managed in partnership with a local NGO (Miarintsoa) and village-level forest management committees (Fehizoro Federation). To further encourage forest conservation and to promote sustainable income-generating activities, Ambatovy and the partners have been working on an ecotourism project within the Analabe Forest that will promote conservation while simultaneously providing new livelihood opportunities for villagers. The project has been validated and endorsed by the Regional Directorate of Environment, Ecology and Forests (DREEF), the Regional Directorate of Tourism (DRT) and the Suburban Municipality of Toamasina. To-date, flora inventories have been carried out, hiking circuits have been identified (especially for orchid viewing) and garbage bins have been installed. In 2020, a website was created to make the site

more accessible to tourists and the forest was replenished with bamboo canes to support lemur populations and to develop local handicraft initiatives. The Fehizoro Federation completed the maintenance of firewalls and the fight against invasive Plants. Meetings were also facilitated between the Fehizoro Federation and key stakeholders in order to reinforce these partnerships.

As part of our commitment to resettled families and their hosts in Vohitrambato, Ambatovy has agreed to contribute 50% of the school fees for the children under the age of 13 in the village over a 15-year period. The 2019-20 school year marked the eleventh successful year of the program, with 159 students benefitting. Ambatovy also continued to cover the tuition of a university student from Vohitrambato and continued to support a student intern at Ambatovy in order to help her gain professional experience and broaden her horizons.

In addition, Ambatovy continued to reimburse medications for vulnerable villagers and to support a nutrition project, implemented in partnership with the Regional Office of Nutrition (ORN), aimed at improving nutrition and school attendance rates at the Vohitrambato primary school through the provision of daily meals and support for a school garden managed by the Parent Teacher Association. The program, now in its fourth year, was extended to include pupils at the Soamahatsinjo primary school. Going forward, Ambatovy will continue to work with the ORN and plans to extend this project to include other schools in the close vicinity.

There are still 159 households living within the vicinity of the TMF that have livelihoods affected by access restrictions to the site. Fourteen families continue to access the TMF area in order to collect wood and local materials to be used in charcoal production and other small income generating activities, and one family (comprised of four households) continues to live within the technical zone. Negotiations to resettle this family are progressing, despite delays faced during Covid-19, and are being handled by the CSR team. This process is being conducted with the same rigor and commitment to international best practice as the initial relocation program.

Ambolomaro

There is also the “economic resettlement” of 29 families in Ambolomaro, near the Mine Site, that was initiated in 2008. The resettlement involved households that live outside the Mine lease boundary, but that had cultivated their rice fields within the Mine lease zone and therefore needed to relocate their fields. Alternative farming sites were provided to these households and, through ongoing technical support from Ambatovy, rice yields of the Ambolomaro farmers have progressively increased, obtaining target levels in 2020. Ambatovy has now begun the withdrawal from this process and, as per our commitments, we have sought to obtain and transfer ownership of these lands to the PAPs and commenced the process of land acquisitions and registrations several years ago. The PAPs have been very collaborative in this process.

Community Engagement

A robust stakeholder engagement program takes place at the community level with dedicated CSR and Communications teams. Ongoing dialogue through several channels, in both formal and informal settings, with PAPs, community members,

local authorities, traditional leaders, representatives of civil society groups and the general public has been, and continues to be, important for building mutual understanding, managing expectations, and earning and maintaining our social license.

For roughly the first three months of 2020, Ambatovy was able to carry out our regular engagement activities, including information sessions, face-to-face meetings, mini Open Door events, and stakeholder visits to our sites. We continued to receive visitors to our information center. Thereafter, however, our community engagement was greatly impacted by the spread of Covid-19 in local communities, by the preventative health measures put in place to protect our employees, and by the shutdown of operations in the second quarter, so we had to adapt our approach accordingly. Internally, communications primarily focused on sharing key news and regular updates with employees in order to ensure the workforce remained well-informed and able to understand the company’s decision-making process as the health crisis progressed. Externally, communications also centered on the Covid-19 related activities. Teams responded to requests for information from media and stakeholders on topics such as the operations shutdown and the resumption of production activities, Ambatovy’s economic footprint, security issues, the payment of royalties, and the conditions of the Technical Unemployment (TU). Teams relied on the use of phone calls, in particular, to maintain regular contact with all stakeholders in order to exchange information, get updates from the field and relay key messages.

In order to build a climate of trust and transparency, it is important for stakeholders to understand why and how Ambatovy operates. To this end, activities in 2021 will continue to focus on promoting long-term pedagogy and broadening public knowledge of the mining industry. This includes broaching topics relating to the economic aspects of the metal industry, the impact of metal refining in Madagascar, and the importance of good governance of mining royalties paid to local municipalities. Communications will continue to strengthen the public’s understanding through interactions with economic and business journalists, representatives of civil society, students and opinion-makers within Malagasy social networks.

Cultural Heritage

Ambatovy’s commitment to communities includes our respect for local culture, history, and traditions. To preserve cultural heritage, Ambatovy implements a comprehensive archeology program, which involves respecting and protecting cultural heritage sites, artifacts, and archeological remains found in Ambatovy’s intervention areas between Moramanga and Toamasina. Ethnological surveys are also carried out in parallel to the archaeological work in order to understand and preserve the cultural heritage of local communities.

In 2020, a total of 15 archeological objects were discovered in Ambatovy’s intervention areas. All were decorated local pottery pieces discovered in the Analamay site. 2020 also marked the opening of the “*Mozea Vavitiana*”, a new provincial museum in Toamasina. The new museum showcases a catalogue of 1,832 archeological objects discovered by Ambatovy. Artifacts consist of local pottery and glass fragments dating from the 18th to the 20th century discovered within the Mine Site and in surrounding areas, including Ampangadiatrandraka and the conservation areas. As the Mine activities progress, the search for artifacts and archeological items will continue as part of the clearing process.





Environment

Objectives

- Achieve no net loss in biodiversity, and preferably a net gain, throughout our impacted mining sites.
- Support and empower local communities to reduce pressure on conservation areas.
- Manage waste, emissions and water to minimize Ambatovy's overall environmental impact and footprint.

Approach: Biodiversity

One of Ambatovy's key goals is to avoid environmental impacts wherever we reasonably can, and to minimize the impact of our mining operations on Madagascar's environment. With regards to biodiversity, the aim is to achieve no net loss (NNL) and preferably, a net gain. We plan to accomplish these goals with rigorous mitigation techniques such as avoidance, minimization of risks, timely restoration of a sustainable landscape and the offsetting of residual impacts.

The main impacts on biodiversity from our activities are related primarily to forest clearance at the Mine (1,614 ha) and around a two km strip of forest along the initial portion of the pipeline. Prior to construction, the forests of the Mine area were threatened by human impacts such as agricultural clearing, illegal timber harvesting and hunting. The Plant and Tailings Sites were specifically located on modified degraded coastal scrubland habitat with low biodiversity. Nevertheless, impacts on all sites were taken into account in the development of Ambatovy's comprehensive biodiversity programme, which applies to all sites. Its strategy is founded on the following core objectives:

- No net loss of biodiversity and preferably, a net gain.
- No species loss and no net reduction in the population of any endangered species.
- Minimization of impacts on flora, fauna and aquatic resources.
- An increase in conservation of critical habitats.
- Priority habitat viability ensured by maintaining or increasing ecosystem connectivity.

- Integration of biodiversity activities with other regional initiatives on biodiversity.

In order to achieve these objectives, Ambatovy applies the mitigation hierarchy, as required by the IFC Performance Standard 6 and the BBOP Standard on Biodiversity Offsets.⁷ This includes: avoid impacts where possible, minimize any unavoidable impacts, restore or repair any damage, and provide offsets for any residual impacts (e.g., through conservation and protection of ecologically comparable conservation areas). Additional conservation actions may further compensate for the impacts on biodiversity.

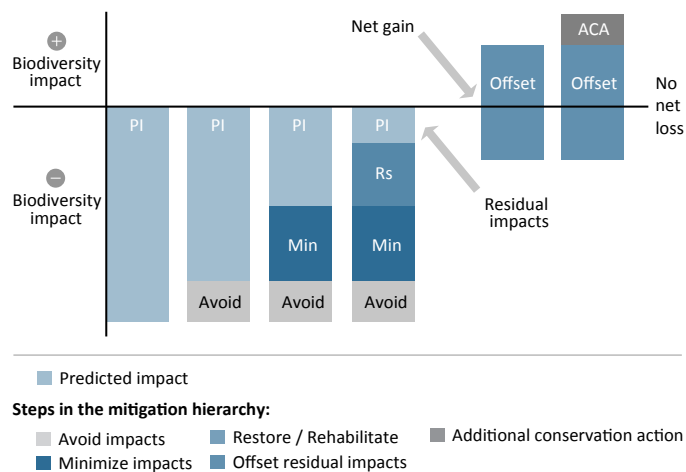
In line with BBOP guidance and IFC Performance Standard 6, Ambatovy has developed a multi-faceted offset program comprising several conservation sites and associated activities. This was deemed necessary given the large scope of our operations, part of which fall within sensitive high-biodiversity areas. In addition to direct habitat offsets, Ambatovy is currently evaluating the possible need for priority species offset areas, particularly for the Golden Mantella and endemic fish species. Ambatovy's offsets currently include the Mine Conservation Forests, the Analamay-Mantadia Forest Corridor (CFAM), the Ankerana Forest and the Torotorofotsy Wetlands Ramsar Site.⁸ Combined, these areas come to a total of more than 14,000 ha, or roughly 9 times the size of the area disturbed through our mining activities, an area of approximately 1,600 ha.

More information about our offsets program, including descriptions of the sites, can be found in Appendix 6 and on our website.

⁷The Business and Biodiversity Offsets Program (BBOP), initiated in 2004, is a partnership of some 80 leading organizations, companies, financial institutions, governments and civil society groups from around the world. The aim is to develop and test best practices for conservation and biodiversity offsets by following the mitigation hierarchy. It is a best practice approach to reducing the negative impacts of public and private sector development projects on biodiversity and ecosystem services. The BBOP officially ended in December 2018; however, its principles have been adopted by international standards to which Ambatovy adheres, including the IFC Performance Standards and the Equator Principles.

⁸Entered into force in 1975, Ramsar is the oldest modern global inter-governmental environmental agreement negotiated by countries and non-governmental organizations concerned about the increasing loss and degradation of wetland habitat for migratory water birds.

The Mitigation Hierarchy



Source: "Working towards NNL of Biodiversity and Beyond: Ambatovy, Madagascar – A Case Study (2014)", by Forest Trends and Ambatovy, p. 23.

Following these standards has resulted in a comprehensive approach to ensure that our impacts, as well as some that existed prior to our involvement, are controlled through cooperation with local communities, the Government of Madagascar and other conservation and development NGOs. The program has several focal areas including flora, fauna, aquatic and marine ecosystems. Each area has specific actions for the construction, operations and Mine closure phases. In addition, we have specific management plans for the Mine, pipeline, Plant, Tailings and port facilities that include biodiversity elements as well as a separate overall Biodiversity Management System that governs all our programmes in this area.

Our biodiversity programme is governed by the Ambatovy Environmental Management System (AEMS). This quality assurance – quality control (QAQC) style management system is aligned with ISO 14001 principles in order to comply with IFC requirements for good practice. The AEMS provides for:

- Continuous improvement and an adaptive management process;
- A monitoring and evaluation plan for all activities;
- Indicators against international, national, and internal compliance requirements, scientific conformance requirements and performance standards;
- Real-time updating and management of non-conformities.

The system includes 20 management plans covering the entirety of the Ambatovy environmental program, including plans for each category of fauna and flora identified in our areas. The goal of our biodiversity program is to ensure the continued viability of the fauna and flora populations in Ambatovy's areas of operations. For fauna, this includes pre-clearing inventories, rescuing and relocation from mining areas to our conservation zones. Our fauna programmes are focused on five groups of animals: lemurs, micro-mammals, birds, fish, amphibians and reptiles. Each of these groups has its own set of management plans and SOPs (standard operating procedures) that are based on the principle of adaptive management. Species that

are characterized on the IUCN's Red List⁹ as endangered or critically endangered are considered as Species of Concern (SOCs) and receive specific management actions. For example, our Lemur Management Plan closely monitors and collects data on all lemur species found within our zones but we focus our long-term monitoring and biomedical surveys on five specific species of lemurs within our programme areas – the Diademed sifaka, the Eastern woolly lemur, the Weasel sportive lemur, the Furry-eared dwarf lemur and the Indri – chosen for their status according to the International Union for Conservation of Nature (IUCN) for their ecological niche and for the number of individuals available for study.

The same can be said for our resident birds, of which there are 113 species, which includes four endangered species (*Anas melleri*, *Ardea humbloti*, *Ardeola idea* and *Sarothrura watersi*) as well as four vulnerable species and seven near-threatened species. Only the Golden Mantella frog differs in its treatment as it is also the recipient of a breeding program in addition to the salvaging and monitoring program activities. Once an animal has been relocated to one of our conservation zones they are monitored for population viability and specific needs, the end objective being that of eventually being able to recolonize the Mine area once mining activities and rehabilitation are complete.

The process is similar for our flora populations, which are salvaged and relocated, some to our plant nurseries for cataloging, identification and seed collection, before being used for rehabilitation or propagation. Ambatovy's flora management activities are framed within the Flora Management Plan, which addresses the three main topics: Species of Concern (SOCs, species which are endemic to Madagascar), Orchid Management and the Herbarium.

For our flora SOCs, Ambatovy's mitigation measures include inventories, identification and rescue. Missouri Botanical Garden (MBG) has, since the conception of the project, assisted in these activities. 109 SOCs are located within our conservation areas and four in our clearing area. Of these species, three have been identified as "Red SOCs", meaning that they are only found globally in one specific site, our conservation zone. As a precautionary measure Ambatovy's rescue program consists of whole plant rescuing (including trees), seed collection, plant propagation and the development of living collections suitable for use in progressive mine rehabilitation. Ambatovy has two orchid parks that house our rescued orchids as well as a herbarium where individual plants are identified and samples collected for taxonomic research.

In addition to our efforts to conserve and support population viability for key species, Ambatovy also works in removing invasive species, one of the most significant potential threats to areas of high biodiversity, from both our aquatic and terrestrial habitats. For fauna this includes targeted campaigns to eradicate Louisiana crayfish, the Asian toad and three species of exotic rats. For flora, the invasive *Lantana camara* and *Eucalyptus robusta* are removed through targeted clearing and followed by immediate restoration of the cleared area with indigenous plants.

For all of our biodiversity impacts and interventions, specific biodiversity goals have been established to ensure we meet

⁹The IUCN Red List of Threatened Species is widely recognized as the most comprehensive, objective global approach for evaluating the conservation status of plant and animal species. The goal of the IUCN Red List is to provide information and analyses on the status, trends, and threats to species in order to inform and catalyze action for biodiversity conservation.

our vision of operating a sustainable and responsible business in Madagascar. These goals and associated key performance indicators (KPIs) are periodically assessed and adapted based on consultations and data gathered from monitoring programs. The KPIs are directly linked to the requirements of Madagascar's regulator, the ONE, and to international standards, including the IFC Performance Standards on Environmental and Social Sustainability (IFC 2012 version) and the BBOP standard.

In 2009, Ambatovy established a Scientific Consultative Committee (SCC) on biodiversity as part of our commitment to apply international conservation expertise and bring transparency to our environment program. The Committee includes national and international independent scientists renowned for their expertise in biodiversity, conservation and environmental management. The SCC convenes every two years in order to review our environmental and social programmes, to provide impartial advice and to make important recommendations. The SCC last met in November 2019 and the next meeting of the SCC will be in November 2021.

Performance: Biodiversity



In 2020, our various biodiversity programmes were directly impacted by the spread of Covid-19 and the subsequent measures that were put in place. Our monitoring and surveillance activities had to be adapted and/or put on hold between April and October 2022.

Lemur and Small Mammal Management

Ambatovy's Lemur Management Plan, within the overall AEMS program, includes a series of mitigation measures to protect lemur species within our sites. There are, in total, 12 species of lemur that frequent the Mine area, of which eight are considered near-extinction based on the IUCN's Red List (2012). A fundamental aspect of our biodiversity management

is utilizing a paced directional clearing technique in order to allow mobile fauna to freely migrate away from clearing zones and into surrounding conservation areas via forest corridors. Manual rescue is conducted 48-hours later for those animals that are unable to move and for key flora species. In 2020, 125 observations of lemurs were noted during the monitoring of the forest corridors. During the year, 23 individuals were observed in clearing zones, a low number that can be attributed to the reduction in our activities due to the pandemic as well as the topography of the area being cleared. Five individuals required manual rescue in preparation for clearing activities.

As part of our Lemur Management Plan, Ambatovy uses radio-collar surveillance as part of its spatial monitoring program. Currently this includes 12 groups of lemurs. Due to the pandemic, tagging activities were put on hold in 2020, but since 2007 a total of 1,148 lemurs have undergone capture, biomedical analysis and tagging. Monitoring campaigns carried out on the tagged lemurs during the year observed five lemur births and two deaths.

Ambatovy also monitors and mitigates impacts on other species of mammals besides lemurs including endemic micro-mammals and carnivore species. The Ambatovy-Analamay forest complex is home to 38 species of small carnivores and mammals other than lemurs, of which 31 are endemic to Madagascar and seven are exotic (introduced species). Since 2007, Ambatovy has collaborated with the University of Antananarivo for the implementation of conservation strategies of these mammal species. During 2020, 40 individuals belonging to 3 species were inventoried in the clearing zones and 55 individuals from 17 species were inventoried in our conservation areas.

In February 2020, we noted for the first time since the installation of our lemur bridges, the passage of a group of *Indri indri* on Bridge # 6 which is located along the first 2km of the slurry pipeline.



In 2020, at least one fossa (*Cryptoprocta ferox*), a carnivorous mammal endemic to Madagascar, was observed by residents frequenting the residential area at the Plant Site during the Covid-19 confinement period. This species is classified as “vulnerable” by the IUCN Red List of threatened species and is the largest predator in Madagascar. A capture and translocation programme was developed following IUCN guidelines in order to safely return this predator to its natural habitat. Monitoring activities near our Site and the surrounding villages revealed no evidence of other fossa nearby.



knowledge on the amphibian and reptile world in Madagascar and on the populations of endangered species. As Ambatovy continues to clear forests for the Mine footprint, rescue and translocation activities will continue. Twice a year Ambatovy undertakes ecological monitoring to monitor reptile population densities and trends within the conservation areas. In 2020, we were only able to conduct one monitoring campaign due to the Covid-19 pandemic, but 401 reptiles belonging to 26 species and 407 amphibians belonging to 37 species were identified.

The Golden Mantella frog is one of Ambatovy’s flagship species. To ensure the conservation of this species, Ambatovy has adapted a three-pronged approach that includes:

- manual rescue from clearing zones,
- monitoring in conservation ponds, and
- captive breeding for release into natural marshes.

The program is carried out in collaboration with the Mitsinjo Association, EcoFauna, the General Directorate of Environment and Sustainability (DGEDD) and the IUCN’s Amphibian Specialist Group. It includes breeding activities as well as monitoring, manual rescue and physical inventories. In 2020, Ambatovy continued to monitor the progress of the original 1,500 individuals released from the *Toby Sahona* breeding centre in 2017. At the breeding centre, subsequent generations of individual frogs continue to be recorded and prepared for release.

Amphibians and Reptiles

Ambatovy’s areas are home to 92 species of amphibians and 69 species of reptiles. There are 15 species of amphibians and reptiles (nine and six species, respectively) that have been identified by Ambatovy as requiring specific mitigation efforts due to their IUCN status: two that are critically endangered (CR) and 13 that are endangered (EN). Please see Appendix 5 for a complete list of priority species.

Since 2007, the amphibian and reptile programme has manually rescued 10,297 individuals belonging to 70 amphibian species and 30,479 individuals belonging to 57 reptile species from clearing areas. These rescue activities have enhanced scientific

Fish

16 species of fish belonging to nine families have been identified in the aquatic ecosystems of the Ambatovy-Analamay forest complex. These species are classified into three categories depending on their characteristics: seven exotic (introduced) species, three native species, and six endemic species. Among the endemic species are five that are potentially unknown to science; they are considered and managed by Ambatovy as priority species.

The population size of these priority species is very limited and, as local endemic species, they are vulnerable. Please see Appendix 5 for a list of priority species.

In 2020, no mining activities nor algal blooms directly impacted the waterways within the Mine lease area. As a result, no rescue activities were required.



Bird Monitoring and Mitigation

There are 113 species of birds found in the Ambatovy-Analamay Forest Complex, 65 of which are endemic to Madagascar. The objectives of the bird program are to gain knowledge about trends in bird occurrence and abundance and to monitor trends in the population size of endangered water birds following the construction of a series of large sediment control dams at the Mine Site. In addition to the inventories in the forests and clearing areas, the preservation of active bird nests is the main mitigation measure. Once active nests are identified, they are kept safe from clearing activities until the eggs hatch and the chicks leave the nests by themselves. Future efforts will be made to better understand the food and habitat requirements of species so that they may better recolonize the mining area once it has been rehabilitated.

Three endangered bird species are regularly found at Ambatovy's dams: the Malagasy pond heron (*Ardeola idea*), which is protected under the African-Eurasian Migratory Bird Agreement, Meller's duck (*Anas melleri*), and the Madagascan grebe (*Tachybaptus pelzelinii*). Of the three, the Malagasy pond heron has seen significant growth in its population size since it began nesting at one of Ambatovy's dams in 2016. In 2020, the monitoring activities at this dam recorded 763 active nests.

Inventories conducted during the year noted 1,449 water birds from 16 species observed around the lakes, dams and marshes around the Ambatovy Mine site. In clearing areas, 42 species and no active nests were observed.



Flora Management

During 2020, we continued to practice manual salvaging and were able to rescue 234 plants and flowers from priority species in clearing zones. Following rescue, the orchids undergo a one-year acclimatization period in the Ambatovy shade house before being transferred to one of the two Ambatovy orchid parks. 34 species of orchids were successfully hand-pollinated in these parks over the course of the year, bringing the total number of orchids protected by Ambatovy to 13,800 individuals. We also carried out an expansive survey of IUCN listed flora within our

conservation areas, identifying more than 1,600 individuals during the year. Ambatovy continued to work with local village nurseries, distributing nearly 22kg of seeds during the year, which resulted in the production of nearly 25,000 seedlings. Nearly 317kg of seeds were also sown at the Ambatovy nurseries. 28,000 seedlings, a mix of those produced by our village nurseries and the Ambatovy nursery, were used in our revegetation activities during the year.



Offsets

As we cannot effectively accomplish the sustainable management of our offset areas without the support and participation of the local population, we work closely with local communities to implement a range of alternative income generating activities (IGAs). These are designed to reduce local dependence and pressure on neighbouring forests through the development of other income-generating activities such as fish farming, eco-tourism, poultry and livestock breeding (small animal husbandry), improved rice-growing and spice cultivation.

We have also been working with local authorities and community-based associations, or COBAs, to promote stewardship of forest segments by undertaking regular patrols to deter illegal wood cutting, hunting, trapping, artisanal mining and clearing associated with slash and burn agriculture. Ambatovy and the NGO partners that we work with to manage some of our offset and conservation areas conduct regular awareness-raising and education sessions in the local communities in order to reinforce their understanding of the law, of the need for the responsible use of local natural resources, and of the importance of sustainable forest management. In 2020, 19 monitoring and coaching sessions were carried out with five COBAs around the Mine Site and 57 forest patrols were carried out. In addition, 142 awareness sessions were held reaching 2,031 individuals. During the year, Ambatovy signed a Management Transfer, used to delegate management of forest segments to COBAs, with COBA Fivoarana to manage 817ha of forest. An additional COBA is expected to enter into collaboration with Ambatovy for the protection of 100ha in 2021.

More information about our Offset Sites can be found in Appendix 6.

Restoration to a Sustainable Landscape

Ambatovy plans to restore cleared land to a multi-functional forest through progressive reclamation and reforestation. Our annual objective is to reforest 24ha of land per year. Ambatovy currently has an Orchidarium, a research nursery and a production nursery and has supported the creation of five community nurseries that supply us with about 250,000 plants per year for these restoration activities. These plants also support calls by local and national government agencies to support reforestation campaigns in country. These community nurseries continue to be provided with seeds collected from within our clearing and conservation areas, community forests and the Ambatovy-Analamay complex. In 2020, our rehabilitation activities were significantly impacted by the pandemic, however, despite the restrictions, Ambatovy was able to revegetate nearly 5.5ha at the Mine Site. Since 2007, nearly 150 ha have been rehabilitated.

Despite constraints imposed by the Covid-19 pandemic, two notable research projects took place at Ambatovy during 2020. Both were conducted by students from the School of Agricultural Sciences (ESSA) at the University of Antananarivo working alongside Ambatovy’s ecological restoration team. The research projects included an evaluation of soil toxicity in rehabilitated zones and a phytosanitary assessment of pest and parasitic diseases within Ambatovy’s forests. As part of the phytosanitary assessment, areas most prone to infection were identified and 321 insects were inventoried, of which 186 were identified as pests. The results of both studies will add to a growing body of knowledge enabling continuous improvement in ecological restoration.

Ambatovy Net Impact of Mining Activities on Forested Areas			
Forest/Land Areas	Land to be Impacted (ha)	Land to be Reclaimed (ha)	Land to be Conserved (ha)
Mine Footprint* (disturbance area of 1,600 ha + buffer zone)	2,154	2,154	0
Slurry Pipeline	600	600	0
Roads/Infrastructure	100	0	0
On-Site, Adjacent or Nearby Offsets			
Mine Conservation Forests	0	0	3,582
Analamay-Mantadia Forest Corridor (CFAM)	0	0	3,490
Ankerana Forest	0	0	5,715
Torotorofotsy Wetlands Ramsar Site	0	0	1,597
Totals (ha)	2,854	2,754	14,384

*The Mine footprint includes the Mine area plus a buffer zone.

Approach: Emissions, Effluents and Waste

Our environment program has defined objectives for air, noise, and water that stem from the Environmental Impact Assessment and approved Environmental Management Plans and that are built into our environmental monitoring activities. For each component, objectives have been established taking into account existing background levels, Malagasy regulations, and published international standards. A rigorous monitoring program continuously reads information from instruments throughout our facilities that provide real-time data and gives us the ability to analyze and mitigate issues as soon as they occur. The programme is reviewed and updated in response to observations, project development, consultations and experiences gained.

The goal of our air quality monitoring is to ensure that changes in ambient air quality resulting from Ambatovy’s activities

are both well understood and compliant with air quality standards, which are based on international and local criteria for air emissions. Ambatovy monitors air quality around the Plant, Mine, and ancillary structures through fixed continuous air monitoring stations as well as mobile perimeter multi-gas detectors which continuously collect live meteorological and air quality data.

The release of greenhouse gases (GHGs) related to our Operations and the transportation of our personnel and freight are, unfortunately, unavoidable in a project the scale of Ambatovy. However, for those GHG emissions which we can control, as is the case in the transport of our personnel and our commodities, we have put in place multiple initiatives to reduce them wherever possible. This includes the location of our sites, the design of our pipeline to maximize gravitational

pull and minimize equipment needs, and a fleet of electrical vehicles to transport our workers around our Plant Site. We are also implementing the TSM's Energy and GHG Emissions Protocol.

Another aspect of air quality, ambient noise, is monitored on the periphery of our operations as well as in our neighbouring communities. The purpose of our noise monitoring is to ensure that the ambient noise created by our operations stays within the IFC's guidelines for community noise and to ensure there is no effect on the behaviour of the local biodiversity.

Water is central to our metallurgical process for producing nickel and cobalt, and we manage it carefully. At both the Mine and Plant Sites, we conducted baseline studies, continue to assess risks, and have ongoing engagement with stakeholders to inform them of our water management planning. Our comprehensive Water Management Plans are therefore designed to:

- Ensure that all phases of our operations do not adversely affect surface and groundwater quality and that any wastewater complies with environmental standards.
- Monitor the flow rate and quality of surface and groundwater downstream of mining activities to detect any abnormalities.

- Ensure that Torotorofotsy Wetlands and sensitive aquatic ecosystems are not adversely affected by the activities at the Plant, Mine or along the pipeline.
- Communicate with downstream users to ensure their water needs are met and propose solutions if problems arise.
- Ensure that domestic water supply and sewage treatment meet the criteria of applicable water quality regulations and guidelines.

To handle the waste created by our facilities, process and employees, Waste Management Plans have been developed. These Plans include measures and procedures for correct collection, transportation, storage and disposal of waste. They also emphasize minimizing waste production and continuously improving our recycling efforts. Waste material ranges from industrial waste, such as scrap metal and wood, to domestic waste, such as food or office scraps. All waste is sorted, processed and treated at the waste management facilities in order to reduce its volume and minimize disposal needs.

Ambatovy also operates an integrated reporting system for all environmental, health and safety, and security incidents (the Ambatovy Incident Management System, AIMS). Spills and incidents are tracked and documented as part of the internal compliance reporting process using the guidelines below.

Level	Consequence
Minor	<ul style="list-style-type: none"> • On-site: Near-source confined and promptly reversible impact (typically a shift).
Medium	<ul style="list-style-type: none"> • On-site: Near-source confined and short-term reversible impact (typically a week). • Off-site: Near-source confined and promptly reversible impact (typically a shift).
Serious	<ul style="list-style-type: none"> • On-site: Near-source confined and medium-term recovery impact (typically a month). • Off-site: Near-source confined and short-term reversible impact (typically a week).
Major	<ul style="list-style-type: none"> • On-site: Impact that is unconfined and requiring long-term recovery, leaving residual damage (typically years). • Off-site: Near-source confined and medium-term recovery impact (typically a month).
Catastrophic	<ul style="list-style-type: none"> • On-site: Impact that is widespread-unconfined and requiring long-term recovery, leaving major residual damage (typically years). • Off-site: Impact that is unconfined and requiring long-term recovery, leaving residual damage (typically years).

Performance: Emissions, Effluents and Waste



Ambatovy's Waste Management Plan prioritizes the proper handling, storage and disposal of waste. Since 2017, waste management has been managed under a contracting company responsible for supplying equipment and manpower as required during waste collection, transport, sorting and disposal. In 2020, despite the lockdown of our sites and the temporary halt in our operations, teams onsite engaged in significant housekeeping and maintenance activities leading to an increase in the amount of general waste disposed at our landfills. The inability to recycle locally also led to the increase in general waste disposal. In the case of waste woods, we took the decision to store and reuse them onsite rather than send any wood to landfill. For food waste and compost, our partnership with the NGO Love and Care continued throughout the year with 7.4t of compost and 47t of food waste being sent for use at a community garden established on vacant Ambatovy land.

2020 Waste Treatment			
	2018	2019	2020
Disposal to Landfills			
Ash (m ³)	8323	3612	611
General Waste (m ³)	5,529	1,740	25,803
Industrial Waste (m ³)	42,080	28,306	33,788
Wood (m ³)	568	424	361
Scrap metal	403	393	637
Other (m ³)	61	58.3	322
Composting (t)	2,970	3,377	5,439
Incineration (t)	615	555	12

Recycling

Ambatovy strives to minimize our waste production through reuse and recycling programmes and during 2020 we continued this programme to the greatest extent possible. The impact of Covid-19 in our communities and on the region meant that many of our local recycling companies were closed, causing a larger amount of recyclable waste to be sent to our landfills or to be reclaimed and stored on site for future use.

Recycling Program 2018-2020			
	2018	2019	2020
Fly ash for cement (t)	49,523	48,682	24,163
Wood (m ³)	135	435	0
Plastics (m ³)	570	627	172
Cooking oil (l)	2,387	2,301	3,285

Hazardous Waste

Ambatovy does not ship any waste out of the country. Chemical waste is neutralized on site. Paints, hydrocarbon waste and batteries are recycled and treated by local companies. The waste management facilities at the Plant Site handle dismantling and neutralization of hazardous waste. In 2020, 6 m³ of chemical waste and solvents as well as 1,304 batteries and H₂S bottles were treated.



Overburden

Overburden is composed of waste rock and soil with uneconomic concentrations of nickel and cobalt. At Ambatovy, ore is delivered from open pits to the Ore Preparation Plant. This is designed to separate waste material from the ore and to produce a concentrated metal-containing slurry. In 2020, approximately 1.9 million tonnes of dry ore, waste and low grade materials were mined from the pits in the Ambatovy deposit.

Material Extracted in 2020	
Material	Amount (in thousands of tonnes)
Ore	1,517
Waste	338
Total	1,855

Materials

In addition to ore, the operation of the process plant requires four key raw input commodities: limestone, coal, sulphur and

ammonia. The amounts of these commodities consumed during 2020 are as follows:

Bulk Commodities Consumed in 2020	
Material	Total (t)
Limestone	296,356
Coal	192,560
Sulphur	136,894
Ammonia	10,246

Accidental spills, noise and dust resulting from bulk handling operations are the greatest potential contributors to pollution at the Port. Any accidental spills are cleaned up immediately and sent to landfill to prevent contamination at the Port.

Tailings

The Tailings Management Facility (TMF) was designed to meet international good practice standards including the requirements of the Canadian Dam Association and the International Commission on Large Dams. It is managed and monitored 24/7 by a dedicated engineer who is supported by an in-house team with access to independent consulting engineering advice. An independent engineer of record carries out quarterly inspections, undertakes an annual audit of the TMF, and produces a report for Management. In addition, an independent Geotechnical Review Board inspects the Facility on an annual basis and reviews operational reports, policies and procedures. The Facility is also inspected annually by the Malagasy government regulator, the ONE. No major construction work was completed in 2020 due to the Covid-19 pandemic.

The Facility is designed to receive the neutralized waste materials following the extraction of nickel and cobalt. Once the solids settle to the bottom of the tailings area, the clarified supernatant liquid is pumped and discharged into the ocean through a diffuser. The diffused water is similar in composition to the surrounding sea water.

Since the processing Plant was shut down at the end of March 2020 amid the Covid-19 pandemic, the production of tailings also ceased. The TMF water management system remained operational, however; minimal operational water levels were achieved and pumping needed to be periodically suspended during the year. Environmental and geotechnical monitoring was continued in order to ensure dam and environmental integrity.

Water

The water quality downstream of the TMF is monitored daily through a series of interception wells and monitoring wells as well as surface water monitoring. In 2020, all incidents of non-compliance for the quality criteria were attributed directly to the lack of rainwater dilution and high evaporation rates during the dry season. Ongoing efforts continued at the TMF over the year to manage the levels of manganese around the site. Work continued on a number of initiatives aiming to control the source of elevated manganese levels so that we can more further understand and manage the impact and identify potential alternatives for long term remediation.

Ambatovy's Water Quality Monitoring Program covers the analysis of surface water, ground water and seawater. We conduct semi-annual monitoring programs throughout the Plant while key areas are monitored weekly. All of our water quality standards are established through reference to Malagasy regulations, IFC environmental health and safety guidelines for mining, and the World Bank's Pollution Abatement Manual.

The Mine's Operational Plan is designed to ensure that runoff from mining excavations flows into sediment retention basins, lowering potential impacts on the sensitive watersheds around the Mine. Water run-off collection ponds and flow allowances are designed to meet the World Bank and Malagasy regulations on water quality. Indicators monitored at 17 sites around the Mine include such measurements as total suspended solids, pH, heavy metals, and coliform bacteria.

Annual water requirements for ore preparation at the Mine represent about 0.5% of the mean annual flow of the Mangoro River; during the dry season, Ambatovy's water withdrawal does not exceed 2% of the water flow. Water is mixed with ore to create slurry for transport down the pipeline. At the Plant Site, water is recovered from the ore slurry and it is augmented with withdrawals from the Ivondro River. A portion of the effluent discharge from the Tailings Facility (up to 300 m³/ hour or approximately 9% of our total estimated withdrawals) is available to be utilized in the process, if required. The use of processed water at the Plant is primarily for cooling water and boiler-feed water. All process water is discharged to the TMF and treated through neutralization.

Our total water consumption in 2020 was significantly less due the temporary shutdown of our operations. Water was used primarily for housekeeping and maintenance activities, and all withdrawals remained below the thresholds of the withdrawal permit.

Water Withdrawals 2018-2020 (m ³)			
Source	2018	2019	2020
Ivondro River	15,818,806	15,530,417	7,343,058
Mangoro River	7,247,792	8,384,260	3,931,760
Antsahalava Creek	1,958,023	1,954,432	560,839
Sahaviara River	79,095	48,429	8,190
Ankaja River	647	36	-
Groundwater	613,287	635,415	674,467

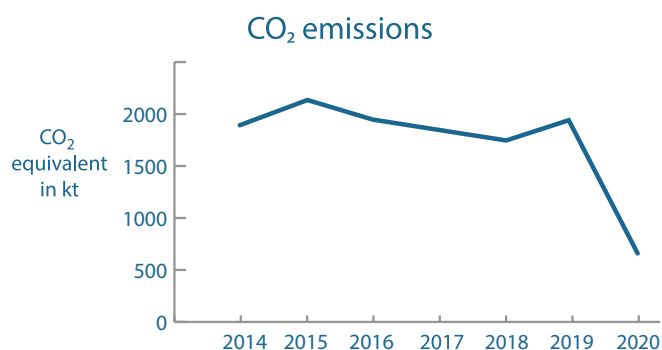
Air Quality

We have selected the following five major inputs used in our operations that are sources of GHGs for monitoring: diesel, coal, naphtha, liquid petroleum gas (LPG) and limestone. These are contributors of carbon dioxide, methane and nitrous oxide emissions. Based on consumption data, GHG estimates are calculated using conversion factors and specific coefficients of the reactions. In 2020, Ambatovy's overall GHG emissions for the Mine, Plant and port facilities were estimated at a combined total of 635 kilotonnes (kt) of CO₂ equivalent. At the Plant Site, coal, used for electrical power and steam generation, remained the primary source of GHGs. At the Mine, the main source of GHG emissions was diesel fuel. The significant decrease in GHG

emissions for 2020 reflects the temporary halt in operations in the second quarter of the year until early 2021. The total estimated emissions for 2020 reflect roughly 23% of Ambatovy predicted annual emissions.

Material consumption 2020			
Material	Consumption	Unit	CO ₂ emitted (in kt)
Diesel Fuel	14,692,528	liters	40
Coal	192,560	tons	443
Naphtha	6,893	tons	22
LPG	1,280	tons	4
Limestone	287,313	tons	126
Total CO ₂ Emission			635

Ambatovy Yearly Total GHG emissions					
CO ₂ Equivalent (in kt)	2016	2017	2018	2019	2020
	1,884.3	1,807.8	1,715.1	1,795.1	635



Noise monitoring campaigns are done throughout the year at the Mine and Plant Sites, and in surrounding communities. The majority of noise pollution at the Mine comes from the heavy vehicle traffic, conveyor belts and the power plant. Although Ambatovy has no PGEDS commitments to monitor noise at the Mine Site, basic measurements are taken to ensure noise levels remain within reasonable limits. In 2020, noise monitoring continued to be carried out (one-off day sampling) and, in general, no significant changes in noise levels were detected during the year. At the Plant, there are a variety of sources of noise pollution, from vehicle traffic and operational activities to the facilities themselves. In 2020, no noise monitoring was carried out at the Plant Site due to the Plant operation shutdown resulting from the Covid-19 pandemic.







A Safe and Rewarding Workplace

Objectives

- Maximize local workforce composition in order to have 85% of positions held by nationals.
- Develop a highly skilled and committed Malagasy workforce.
- Provide a rewarding, safe and satisfying work environment for our employees.

Approach

Our business cannot operate nor thrive without a dedicated, experienced and engaged work force. Indeed, we recognize that our employees are our most valuable asset and that our performance depends on a skilled and committed work force, respect for our employees, effective teamwork and a culture of safety. For our operations phase, we need a team that can meet the engineering, maintenance, technical, administrative and program aspects of our business. We believe that we can create this team by ensuring that our workforce benefits from more than just a paycheck, by providing a rewarding and satisfying work environment. We have a number of policies and strategies for several core areas to ensure that Ambatovy is an employer of choice in Madagascar. These areas include local recruitment, training and capacity-building, internal communications, knowledge transfer, labor-management relations, performance management, health and safety, human rights, workplace discrimination and harassment, and diversity in the workplace. We also promote fairness and equity in the workplace through our company values, ensuring that our employees are represented through their employee representatives (Worker Delegates and the employee Work Council), as well as voluntary participation in four employee unions active within the company.

One of our core values is teamwork. We believe that in order for us to be a successful enterprise, all employees must work in a spirit of mutual respect, trust, and constructive relationships. In no other relationship is this as important as it is for labor management relations. Four principles ensure that this relationship is indeed respectful and constructive:

- Treating every employee fairly and with respect
- Exhibiting integrity in our work and amongst all employees
- Respecting employees' privacy and confidentiality
- Nurturing Malagasy talent

Ambatovy aims to be an employer of choice. Towards that end, we offer a number of attractive benefits in order to promote a positive working environment and the well-being of our employees. Permanent employees¹⁰ are eligible for:

- A social benefits program, which includes health, death, accident, and disability insurance
- A retirement program for permanent employees
- A Performance Incentive Program
- The Daily Production Incentive Program: certain national employees are eligible to receive a variable monthly bonus based on achieving our daily production and safety goals
- Support for career development: all employees are given bi-annual performance reviews to reinforce their skills and to suggest areas of improvement; training opportunities are also available for employees to strengthen or develop new skills valuable to the organization

All employees and their families are eligible for medical coverage. In addition, the company provides accident insurance for all employees. The company will also cover expenses and repatriation services for funerals in the event of the death of an employee or their dependents, and will provide a traditional payment in the event of the death of a close relative.

We recognize that our company's impact on local human resources can be immense and can bring multiple positive improvements to the national economy through employment, capacity building, industrial experience, and payment of taxes and wages. Ensuring the right programs are in place to support employee development at all levels is crucial for Ambatovy's long-term success and succession planning. Continued investment in skills development and learning, therefore, remains a priority

¹⁰All Ambatovy direct employees are full-time employees.

for Ambatovy. We offer training programs in safety, mining and processing operations, maintenance trades, management and leadership to ensure Malagasy employees have the skills needed to carry out their current work and to take on positions with increasing technical and leadership responsibility. We utilize a range of methodologies including computer-based learning (in our SkillMine system), classroom training and on-the-job instruction. Whenever possible, we leverage opportunities to bring different teams and groups together in order to strengthen our shared values and culture. In addition, expatriate team members are required to transfer specialist knowledge and skills to Malagasy team members to build their capacity and enable ongoing career progression. All Ambatovy employees are subject to the annual performance review and those who require development are assisted in a mentoring and evaluative process.

The impact of the presence of Ambatovy’s workforce on local communities is inevitable. Overall, these impacts are positive, such as through contributions to the growth in the housing and construction markets and through increased expenditures in the local economy with more wage earners living in the areas. The impacts can be negative as well, such as through an increased strain on local resources and municipal services that can occur with an influx of new inhabitants. However, to the extent possible, our recruitment process prioritizes local candidates who have the skills required for a position first, before extending to candidates from other regions, in order to promote local job creation and to try to lessen the inflow of people looking for work in our host communities.

The impact of Ambatovy’s labor practices and hiring needs will contribute to uplifting the standards and skill sets of Madagascar’s labor force and will provide incoming industrial entities with individuals that are trained and experienced, with up-to-standard qualifications and skills in industrial and technical trades. We also hold all of our contractors responsible to maintain their legal right to work as a business in the country and to follow the same codes of conduct and policies as our employees and our company. These policies address Health and Safety, Code of Conduct, Zero-Tolerance, Anti-Corruption and Human Rights. Regular audits of our active suppliers ensure their compliance with these contractual obligations.



Performance



Local Recruitment

We have two employment commitments: to optimize national employment and to develop a highly-skilled workforce in Madagascar. By locating our processing facilities in Madagascar, we have chosen to invest in the long-term recruitment, employment, and development of human capital in the country. Our recruitment policy aims to attract and retain Madagascar’s top talent through competitive compensation and benefits.

Our success will depend on recruiting a cohort of employees that are committed to our vision, values, and long-term operation.

Ambatovy is creating direct and indirect jobs as a result of our presence in Madagascar as well as our decision to extract and refine in country. At the end of 2020, the majority of our direct workforce had returned from the Technical Unemployment period, numbering at 3,500 workers, 94% of whom are Malagasy. The remainder of our employees were called back to sites in early 2021. Our contractor headcount was severely impacted due to our site closure during the year and by the end of 2020, approximately 3,550 contractors were working at our sites.

Approximate Project Wide Manpower, December 2020			
	National	Expatriate	Total
Direct Employees	3,292	208	3,500
Operational Contractors	3,054	502	3,556
Total	6,346	710	7,056

Diversity in the Workplace

Diversity is an emerging issue across society, and is particularly relevant to the natural resources sector because of the historically low proportion of women and people of differing backgrounds and abilities in our industry. We know that we will become a stronger, more innovative and resilient company as we continue to attract a spectrum of people of different cultural backgrounds, genders, ages and life experience to our company.

At Ambatovy, our policy is to find the right person for every job, regardless of gender, race, ethnicity, or religion. While we do emphasize local employment as a priority in our hiring practices, positions are filled by the candidate that best suits the required experience and necessary skills. Salary remuneration is directly tied to the position’s responsibilities and accountability, and is not determined by gender or age. Although typically a male-dominated environment, Ambatovy has, over the years, seen a steady increase of women in traditionally male positions, including electrical technicians, geologist leaders, forestry engineers, millwrights, truck drivers and electrical motor repair technicians. By the end of 2020, approximately 13% of our direct employee workforce was female.

	Under 30		30-50		Over 50	
	Male	Female	Male	Female	Male	Female
National	356	79	2305	339	204	9
Expatriate	1	0	128	12	62	5

Training, Capacity Building and Skills Transfer

Ensuring the right programs are in place to support employee development at all levels is crucial for Ambatovy’s long-term success and succession planning. Continued investment in skills development therefore remains a priority for Ambatovy.

Given the total shutdown of the Plant Site and the risk of Covid-19 in our communities, many training activities in 2020 were put on hold. This resulted in a reduction of 75% in training hours in 2020 in comparison to previous years. However, despite the restrictions on our operations, our training department was able to focus its efforts on completing the accelerated trades training program launched in 2019. This program aims to provide international certifications for 323 technicians, including electricians, instrumentation technicians and mechanical technicians, and is expected to be completed by the end of 2022.

Taking advantage of the temporary halt in our operations, in 2020 our training team launched the newly integrated Ambatovy Leadership Program. This program aims to align all leaders across our organization in understanding the leadership accountabilities and expectations at Ambatovy. By the end of 2020, roughly 70% of all leaders completed this program, with training continuing into 2021 and beyond, to ensure that this new standard of leadership is sustainably maintained.

Labor-Management Relations

Across our company, we have both unionized and non-unionized employees. We recognize and encourage the right to engage in free association and collective bargaining. Elections for employee representatives should have been held in 2020, however, due to the Covid-19 situation, these elections were postponed until early 2021.

As with all of our relationships, we strive for productive and mutually beneficial outcomes in our discussions with employees and their organized labor representatives. When labor grievances do occur, we investigate and work to reach an acceptable solution for all parties concerned. Once grievances have been resolved, the management team evaluates all of the issues that were raised and determines what process improvements, if any, can be made to ensure we can learn from each one. In 2020, 9 grievances related to working conditions were reported, all of which were resolved during the year.

Employee Engagement

From the beginning of the Covid-19 outbreak, one of our primary concerns was the health and safety of our employees. Our internal engagement was heavy during the first few months of the year as we helped our employees to understand the potential impacts of a virus outbreak in both the country as well as our site. Once our operations were placed in shutdown at the end of March, our concern remained focused on the physical and emotional wellbeing of our workforce, the majority of whom were placed on Technical Unemployment. To support our employees through this difficult time, multiple measures were put in place:

- Extensive measures to support the preventative health measures recommended by health authorities, including providing face masks and hand gel, temperature scanning, Covid-19 testing services, and ensuring social distancing in our areas.
- Introduction of tele-networking for teams who did not require all members to be at site in order to reduce transmission risks within the administration buildings.
- Payment of special allowances to support employees throughout the Technical Unemployment period.
- Recalling specific teams and skill sets to support care and maintenance activities.
- Slowly reintroducing the workforce back on site once travel restrictions in country were lifted.
- Increased engagement with offsite employees, including exploring new communication channels to ensure that our employees were still receiving updates on the company’s status.

Approach: Health and Safety

Ambatovy is committed to maintaining a healthy and safe work place for all employees, contractors, visitors and neighboring communities, and health and safety is our top priority. We believe that all injuries are preventable. Our operations are built on a zero harm health and safety culture. We work hard to minimize operational risks to our workforce and nearby communities, and engage with these important stakeholders regularly on matters of safety, security and emergency response. For more information about our work to support health and safety at the community level, please see the section on Communities and Social Relations, earlier in this report.

Our Health and Safety (HS) team identifies hazards, assesses risks, implements controls, monitors performance, and assigns appropriate accountabilities. It also oversees training, work authorization and reporting. We report health and safety performance on a regular, ongoing basis to Management in order to ensure continuous improvement. Our recording and reporting system is compliant with the International Labor Organization’s Code of Practice on Recording and Notification of Occupational Accidents and Diseases.

Performance:

Health and Safety



Ambatovy’s zero harm and Health and Safety culture include leadership in the field, training, awareness-raising, standards development and inspection, and a business assurance program that validates conformance to fatality prevention standards. Following the notable decline in our safety performance in 2019, multiple weaknesses were identified and addressed in early 2020, prior to the temporary shutdown of our Mine and Plant Sites. From this analysis, three main concepts were identified and prioritized in 2020.

- Injury and illness prevention
- Fatality prevention
- Catastrophic events prevention and management

Our safety performance for 2020 can be seen in the table below. The significant difference between our company safety results in 2019 and 2020 is largely due to the fact that the majority of work at our sites stopped due to our Plant and Mine sites going into a Care and Maintenance phase in early 2020 due to the Covid-19 pandemic.

Ambatovy Health and Safety Performance 2018-2020			
	2018	2019	2020
AIFR	.64	.71	.42
TRIFR	.12	.15	.10
LTIFR	.02	.05	.00

The context of 2020 resulted in a unique opportunity to focus on HS critical training and process development during the year. Over the course of the year, operations at our Plant and Mine experienced an accelerated shutdown, a Care and Maintenance

period from March to November followed by shutdown work required to prepare the Plant for startup. This meant that an intensified focus on HS critical training and validation of competency was required across our sites to ensure that each unique phase was conducted safely.

- Starting in the shutdown phase, assessments were conducted to establish the appropriate timing for an accelerated shutdown as well as a focus on ensuring the process and the people were able to meet the safety requirements.
- During the Care and Maintenance phase, the key personnel required to keep offline equipment ready for startup were identified. As our workforce was greatly impacted by the closure of regional and international borders, this meant personnel had to be trained in additional tasks. In this way we were able to ensure HS principles were practiced in the field.
- For the startup preparation phase, as our teams began returning to work following a six-month Technical Unemployment period, our HS team strove to ensure that all employees were re-familiarized with site HS requirements and received a proper HS induction before resuming their work. The topics considered critical for all returning employees included:
 - Permit to work
 - Working at heights
 - Confined spaces
 - SCBA and SABA training¹¹
 - Gas testing.

Additional campaigns carried out in support of maintaining our Safety First culture at our sites focused heavily on Covid-19 health measures and Covid-19 risk management as well as maintaining our Leadership in the Field programs. Early risk assessments of our projects helped us ensure training compliance within our workforce and that all Covid-19 measures were being respected so that we could feel confident that our commitment to our Zero Harm objective was maintained throughout the challenging year.



¹¹SCBA stands for Self Contained Breathing Apparatus and SABA stands for Supplied Air Breathing Apparatus.



Product Responsibility

Objectives

- Provide and promote products that are produced and consumed in a socially, ethically and environmentally responsible manner.
- Maintain ISO 9001-2015 certification to demonstrate our commitment to quality and to meet our customers' needs.

Approach

The Ambatovy Quality Policy is our formal commitment to supplying defect-free products to all our customers. In order to deliver on this commitment, we must:

- Understand the requirements as agreed with our customers;
- Communicate effectively with our customers and suppliers;
- Do our work correctly the first time;
- Supply products at standards that meet our customers' needs;
- Practice effective communications about safety and quality;
- Involve all personnel;
- Continuously improve everything we do;
- Comply with applicable government laws and regulations.

A practical way to implement these strategies is to have a formal Quality Management System (QMS) in place. Our QMS was certified in 2014 and re-certified in 2020 as compliant with International Standard ISO 9001-2008. This was a great milestone for the company and paved the way for us to achieve registration of our nickel and cobalt briquette products on the London Metal Exchange (LME). Since our certification, Ambatovy has had yearly audits conducted to confirm the compliance of our QMS with ISO 9001 requirements. This maintenance of our certification demonstrates Ambatovy's commitment to quality and to our customers.

Performance

Material Stewardship

Ambatovy's nickel and cobalt are stable unreactive metals, widely used in the production of stainless steel, other metal alloys, specialty chemicals, and in a variety of other applications.

However, Ambatovy's production process involves industrial and hazardous materials, such as chemicals and compressed gas. Ambatovy has developed detailed policies and procedures on handling, transporting, storing, recycling, and disposing of such items. We also maintain Safety Data Sheets (SDSs) from suppliers on all hazardous materials and commodities that we use, and produce SDSs for Ambatovy products and by-products. These data sheets are electronically accessible to employees and we provide our product SDSs to customers in a variety of languages. Training is provided on proper handling procedures and, where relevant, on appropriate Personal Protective Equipment requirements for safe handling and use. Our procurement and transportation handling procedures are based on regulations from the International Marine Organization, the International Air Transport Association, and the European Agreement Concerning International Carriage of Dangerous Goods by Road.

When possible, we try to procure goods and services that have a positive social or environmental return. ALBI continues to work with local businesses to procure a range of items for our operations, such as pallets made from Forest Stewardship Council-certified sources. Other examples of procurement initiatives can be found in the Economic Performance section.

Customer Relations, Health and Safety

Ambatovy nickel products are marketed and sold through our Sponsor companies (Sumitomo and Kores) and onward to the end customer. Ambatovy cobalt products are marketed directly by Ambatovy, with exclusive distribution arrangements in Europe and the USA. In certain geographical areas including Asia and Africa, cobalt is marketed and sold by Ambatovy directly to the end customer. Ammonium sulphate, used mainly as a fertilizer for soils in the agricultural sector,

is also marketed and sold through an exclusive distribution arrangement into local and global markets. Ambatovy and our partner companies are committed to ensuring that customers have relevant and reliable science-based information on hand regarding the health and environmental effects of Ambatovy products.

Ambatovy assesses the health and safety aspects of our products via membership in and participation in international industrial organizations established to provide science-based knowledge on the human health and environmental effects of the products and on product qualities. These organizations include the Nickel Institute (NI), the Cobalt Institute (CI) as well as consortia established for the purposes of complying with the requirements of the European Union’s Registration, Evaluation, Authorization and Restriction of Chemical Substances (REACH) and Classification, Labeling, and Packaging (CLP) regulations. All Ambatovy products have comprehensive SDSs which provide the hazard classification as well as guidelines and recommendations for safe handling and use procedures. These SDSs provide information that adheres to regulatory standards according to the geographic area of sales.

Customers in the European Union have cooperated in the development of specific Generic Exposure Scenarios to assist with compliance with the REACH regulations. These scenarios provide guidance on the operating conditions that must be met in order to ensure the safe use of both nickel and cobalt with respect to potential impacts on workers handling Ambatovy products as well as guidance on the avoidance of any negative impacts on local populations in the vicinity of facilities producing or using these substances.

Ambatovy products comply with relevant rules and regulations, such as the REACH and CLP regulations, in countries of product destination. Careful attention is given to handling hazardous substances, and warning labels identify important instructions as guidance. Carriers of these substances use these labels as indication of the nature of the products they ship and ensure compliance with international standards such as the International Marine Dangerous Goods Code.

Both nickel and cobalt are sold directly to industrial end-use consumers; however, domestic customers who use the final consumer products rarely come in direct contact with these

refined substances. Industrial end-users are generally aware of the health and safety aspects that must be considered.

The international industrial organizations to which Ambatovy belongs promote appropriate and safe uses of nickel and cobalt, and advocate for appropriate science-based regulations. Environmental impacts of our products are considered and communicated in a variety of ways, including via SDSs, product labeling and guidance on safe use, environmental quality standards, and, under REACH, through a variety of exposure scenarios for industrial uses.

World-wide demand for nickel and cobalt is expected to grow over the coming years. Indeed, batteries, which rely on nickel and cobalt, are becoming increasingly important for storing renewable energy and supporting the global goals of sustainability and action on climate change.

The last three decades have seen extraordinary changes in how batteries are made and used. New applications – from storing solar energy to powering electric vehicles – have emerged. These new applications, in turn, are pushing the limits of battery capacity and power, resulting in greater demands for higher purity metals, such as Class I nickel. Unlike pig iron which is high in iron content, Class I nickel is purer and amenable to battery production – particularly for the fast-growing electric vehicle market. Ambatovy is a producer of Class I nickel.



Product Information Required	
Information required for product labeling	Yes
Content, particularly with regard to substances that might produce an environmental or social impact	Yes
Safe use of the product of service	Available on SDSs and on the NI and CI websites
Disposal of the product and environmental/social impacts	A caution to dispose of materials and containers in accordance with the applicable national, regional and/or local environmental regulations is included on SDSs; due to the high value of nickel and cobalt, global recycling rates are significant

Appendix 1: The Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs), a follow up to the Millennium Development Goals, consist of 17 ambitious targets to address global issues and to ensure a sustainable and resilient future for the world by 2030. The success of the SDGs depends on the participation of a range of actors – governments, communities, non-governmental organizations and corporations.

The nature of the work of the natural resources sector has social, economic and environmental impacts on the jurisdictions where projects and operations are located. As a responsible company working in both a low-income country and a biological hotspot, we aim to ensure that the potential negative impacts of our activities are minimized and mitigated to the greatest extent possible, while also focusing on actions that positively impact local communities and Madagascar. To this end, the SDGs serve as a reference for us to gauge how and to what extent we are contributing to Madagascar's development and to its achievement of these globally recognized sustainability targets.

Below is a summary of ways in which Ambatovy is contributing to the achievement of the 17 SDGs. More information about our work can be found in the text of the report.



End poverty in all its forms everywhere

- One of the biggest private sector employers in Madagascar
- At the end of 2020, approximately 7,050 employees, both direct employees and operational contractors; 90% of our workforce are Malagasy
- Hiring practices that emphasize the recruitment of national employees, local to our sites of operations
- Support for skills development, both for our employees and local communities
- *Policy of Buy locally, hire locally*



End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

- Training in improved agricultural and small animal husbandry techniques as well as new income generating activities (IGAs) for former construction employees and local community members
- School nutrition program at the resettlement village of Vohitrambato
- Support for community nutrition activities through school feeding programs and Food for Work Projects



Ensure healthy lives and promote well-being for all, at all ages

- Support for youth kiosks along the RN2 to promote HIV/AIDS awareness and reproductive health
- Support for HIV/AIDS awareness-raising and testing with Ambatovy employees and communities
- Development of communities' medical facilities through donations of equipment and rehabilitation/construction of infrastructure
- Support for the responses to the plague and measles epidemics
- Donations of medical equipment, materials, supplies, meals for health workers and other support, for the fight against Covid-19



Ensure inclusive and equitable education and promote lifelong learning opportunities for all

- Construction of schools and classrooms in the resettlement villages and in other communities
- Scholarship support for Vohitrambato youth wishing to further their education
- Collaboration with UNICEF on the construction of eco-friendly schools
- Training and capacity building for school administrators in our zones
- Training and leadership development for our employees
- Support to local technical and vocational schools
- Donation of school kits to children at primary schools in our zones



Achieve gender equality and empower all women and girls

- Equal opportunity employer, even for traditionally male mining roles
- Development and promotion of income-generating activities and VSLAs with predominantly female-headed households
- Promotion of Zero Tolerance policy for sexual exploitation of young girls



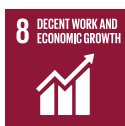
Ensure viability and sustainable management of water and sanitation for all

- Support of Water Users Associations (WUA) in our communities
- Construction of water pumps and water points in villages and on school grounds
- Extensive water monitoring system through all Ambatovy sites



Ensure access to affordable, reliable, sustainable, and modern energy for all

- Creation of electric vehicle fleet at Plant Site
- Provision and installation of solar panels at Vohitrabato resettlement village



Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all

- Employment program with comprehensive employment benefits
- Work Council to strengthen employee relations and employee-management interactions
- Requirements for our contractors including respect for health and safety standards and procedures and for human rights
- Active contracts with more than 450 local suppliers and support for local business creation
- Produce for Ambatovy's canteens sourced from approximately 3,000 local farmers through bulk purchasing centers and from farmers' groups near the Mine Site



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- Extensive rehabilitation and construction of roads
- Rehabilitation and extension of railroad track in Toamasina
- Expansion of Port B in Toamasina
- Investment in infrastructure through the Social Investment Fund
- Support for the rehabilitation of 11 refuge shelters in the Maroantsetra District after Cyclone Enawo to help strengthen communities' resilience



Reduce inequalities within and among countries

- With nickel as one of Madagascar's top export products, supporting the local currency and narrowing the trade deficit
- Bringing in significant foreign exchange earnings through investment, expatriate salaries and product sales
- Support for anti-corruption measures and firm stance against corruption in all forms



Make cities and human settlements inclusive, safe, resilient and sustainable

- Installation of railroad safety fences and rail-road crossings
- Work with regions on industrial risks and disaster preparedness
- Support for the response to the plague and measles epidemics as well as significant contributions to the fight against the Covid-19 pandemic



Ensure sustainable consumption and production patterns

- Mitigation of inflation in local markets by purchasing produce through centers working directly with local farmers
- Development of local businesses to support industrial sector and to recycle industrial waste products



Take urgent action to combat climate change and its impacts

- Extensive reforestation work and conservation actions with local community involvement
- Minimization of emissions by utilizing gravity-fed system to transport slurry along the pipeline from the Mine to the Plant and by importing low emission coal for Plant processes
- Coordinated bus transport for employees and installation of electric bus fleet



Conserve and sustainably use the oceans, seas, and marine resources for sustainable development

- Recycling of process water rather than relying entirely on river water withdrawals
- Conservation activities for rivers in our areas and the native fish species, including control of invasive species
- Waste treatment through the Tailings Management Facility to ensure that water discharged into the sea has the composition of marine water



Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss

- Extensive biodiversity monitoring, mitigation and restoration program in place
- BBOP pilot project since 2009, promoting avoidance, minimization, restoration and offsets to achieve no net loss, and preferably a net gain, in biodiversity
- Work with village organizations on monitoring and enforcing the sustainable use of ecosystem services
- Protection of conservation offset sites
- Protection, monitoring, evaluation, and study of flora and fauna in our conservation areas
- Environmental awareness-raising at schools and at community level for communities surrounding our conservation zones
- Awareness-raising on the damage caused by slash-and-burn agriculture, poaching, bush meat consumption, and endangered species trade



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

- Support for the EITI process and participation in the Voluntary Principles on Security and Human Rights
- Collaboration with Government and local authorities to develop a mechanism for the safe, transparent, equitable and sustainable management of mining royalties
- Partnership with the local NGO SAHA for capacity building, guidance and accompaniment of Communes receiving our royalties
- Firm stance on business ethics and anti-corruption, which all employees and contractors must adhere to
- Work with the international NGO Search for Common Ground to foster constructive company-community dialogue, to promote mutual understanding and to build trust



Strengthen the means of implementation and revitalize the global partnership for sustainable development

- Extensive partnerships supporting our activities in health, education, livelihoods, social development, the environment and good governance
- Partnerships and close collaborations with the public, private, NGO, and business communities in Madagascar and around the world

Appendix 2: Partnerships and Associations

Ambatovy is a member of several industry associations and initiatives. We are a member of the Multi-Stakeholder Group (National Committee) for the EITI in Madagascar, the Chamber of Mines of Madagascar, the Madagascar Industries Union (*Syndicat des Industries de Madagascar*, SIM) and the Madagascar Business Association (*Groupement des Entreprises de Madagascar*, GEM). We also engage with international industry bodies, such as the Nickel Institute and the Cobalt Institute.

Ambatovy is also a member of several regional coordination committees with civil society and local government. Ambatovy works with a number of local, national and international organizations to ensure transparency, to create opportunities, to broaden networks and perspectives, and to develop sustainable operations. These partners and associations include:

International

- Business and Biodiversity Offsets Programme (BBOP)
- Cobalt Institute
- Conservation International
- Duke Lemur Center of Duke University
- Extractive Industries Transparency Initiative (EITI)
- Forest Trends
- Joint United Nations Programme on HIV/AIDS (UNAIDS)
- Missouri Botanical Garden (MBG)
- Nickel Institute
- Office for the Coordination of Humanitarian Affairs (OCHA)
- Office of the High Commissioner for Human Rights (OHCHR)
- Prodaire (*Projet de Développement de l'Approche Intégrée pour promouvoir la Restauration Environnementale*), a program funded by the Japanese International Cooperation Agency (JICA)
- Search for Common Ground (SFCG)
- South African Institute for Aquatic Biodiversity
- The Peregrine Fund
- United Nations Children's Fund (UNICEF)
- United Nations Development Programme (UNDP)
- University of Queensland, Centre for Social Responsibility in Mining
- Wildlife Conservation Society (WCS)

National

- *Action et Développement*
- American Chamber of Commerce (AmCham)
- Asity Madagascar (an affiliate of BirdLife International)
- *Association Nationale d'Actions Environnementales* (ANAE)
- *Association Handicaps Esperance Tamatave*
- *Brickaville Miara-Mitraka* (BRIMIMI)
- *Bureau National de Gestion des Risques et Catastrophes* (BNGRC)
- Canadian Chamber of Commerce and Cooperation (CanCham)
- CASEF Program (Agriculture Rural Growth and Land Management Project of the World Bank)
- *Centre d'Études et de Recherches Ethnologiques et Linguistiques* (CEREL)
- *Centre National de Recherches Océanographique* (CNRO)

- *Centre National de Recherche sur l'Environnement* (CNRE)
- *Centre Technique Horticole de Tamatave* (CTHT)
- Chamber of Mines of Madagascar
- *Circonscription de l'Environnement, de l'Ecologie et des Forêts* (CIREEF)
- Cultural and Social Center (CCS)
- Department of Animal Biology at the University of Antananarivo
- Diocesan Development Office of Toamasina (ODDIT)
- *Direction Régionale de l'Environnement, de l'Ecologie et des Forêts* (DREEF)
- *Direction Régionale de l'Agriculture, de l'Élevage et de la Pêche* (DRAEP)
- *Ezaka ho Fampandrosoana any Ambanivohitra* (EFA)
- *Ezaka Vaovao*
- Fehizoro Federation
- *Fianakaviana Sambatra* (FISA)
- *Fifanampiana Kristiana ho an'ny Fampandrosoana eto Madagasikara* (FIKRIFAMA)
- *Fikambanambe Mivondrona Ampitambe Mahatsara* (FIMIAM)
- FORMAPROD (*Programme de Formation Professionnelle et d'Amélioration de la Productivité Agricole*)
- *Groupe d'Etude et de Recherche sur les Primates* (GERP)
- *Groupe Mavitrika*, University of Tamatave
- *Groupement des Entreprises de Madagascar* (GEM)
- Henry Doorly Zoo (HDH)
- Homéopharma
- Love and Care Organization
- Madagascar Consulting Ingredients (MCI)
- Madagascar Fauna and Flora Group (MFG)
- *Maison des Jeunes Moramanga*
- Malagasy Red Cross Society
- *Mamizo*
- Man and the Environment (MATE)
- Miarintsoa
- MIDEM (Independent Mission for Development and Education in Madagascar)
- *Mitsinjo Association*
- Museum of Art and Archeology of the University of Antananarivo (ICMAA)
- *Ny Sahy*
- *Ombona Tahiry Ifampisamborana Vola* (OTIV)
- *Penser*
- Private Sector Humanitarian Platform of Madagascar (PSHP)
- *Programme Prosperer (Programme de Soutien aux Poles de micro-Entreprises Rurales et aux Economies Régionales)*
- Regional Office of Nutrition
- SAF/FJMK
- SAHA (*Sahan'Asa Hampandrosoana ny eny Ambanivohitra*)
- St. Gabriel
- *Syndicat des Industries de Madagascar* (SIM)
- Tourism Office of the Alaotra Mangoro Region (ORTALMA)
- University of Antananarivo
- *Vahatra*
- *Voahary Voakajy*
- *Vohimanana*

Appendix 3: Compliance to External Initiatives

Ambatovy strives to maintain the highest ethical standards, to respect local culture and traditions, and to comply with the laws and regulations of Madagascar. We endeavor to meet and, when possible, exceed the mandatory compliance requirements of our agreements with the Government of Madagascar, our lenders and other stakeholders. We are also committed to several voluntary measures that go beyond our legal obligations.

Mandatory Compliance

Law on Large Scale Mining Investments (*Loi sur les Grands Investissements Miniers, LGIM*) – Madagascar’s LGIM establishes the legal framework for developing and operating large-scale mining projects in the country. Ambatovy was certified under the LGIM in 2007. Under the LGIM, we are required to report annually to the Government on a range of sustainability issues, such as local employment, environment measures and community activities.

Decree on Rendering Investments Compatible with the Environment (*Décret sur la Mise en Compatibilité des Investissements avec l’Environnement, MECIE*) – The MECIE is a national decree that regulates environmental compliance for investment projects in Madagascar. Ambatovy received our environmental permit from the Malagasy authorities in December 2006, six months after filing our Environmental and Social Impact Assessment (ESIA). Following the ESIA, Ambatovy developed an Environmental and Social Development Management Plan (PGEDS), which provides the framework to ensure that all issues identified during the ESIA are addressed through appropriate mitigation and follow-up actions. We submit annual reports to the ONE on our progress against the PGEDS, and ONE officials conduct regular site visits to review our work.

International Finance Corporation (IFC) Performance Standards – The IFC Performance Standards are an international benchmark for identifying and managing environmental and social risks; they have been adopted by many companies and organizations as a key component of their environmental and social risk management. Our agreement for US\$ 2.1 billion in project financing requires that we adhere to IFC Performance Standards on environment, labor, and social aspects for a major investment project. Our work is closely monitored and regularly reviewed by Independent Engineers sent by our lenders to ensure compliance with these standards.

Equator Principles – The Equator Principles are voluntary standards for banking institutions; they have greatly increased the attention and focus on environmental and social/community standards, accountability and responsibility. Since some of Ambatovy’s lending institutions are Equator Principles Financial Institutions (EPFIs), our financing agreements require that we uphold these principles. EPFIs pledge to take into account social and environmental criteria in the large-scale projects they finance and to abstain from financing loans where the borrowers are not willing or able to comply with these criteria.

Voluntary Commitments

Voluntary Principles on Security and Human Rights (VPSHR) – Established in 2000, the VPSHR are a set of principles designed to guide companies in the extractive sector in maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms. The duty to protect human rights rests with governments, but other actors in society, including businesses, have a responsibility to respect human rights. Extractive industry companies, such as Ambatovy, have a unique opportunity to have a positive impact on peace and stability, and we are continuously engaging with local, national and international entities to educate and raise awareness for the promotion of human rights. The VPSHR are embedded in Ambatovy’s Security Policy and, in order to reinforce shared commitments to the Principles, Ambatovy has developed relationships and agreements with national ministries responsible for security that establish clear expectations for public security forces and Ambatovy under the VPSHR.

Extractive Industries Transparency Initiative (EITI) – The EITI is a global standard for the good governance of oil, gas and mineral resources. It seeks to address the key governance issues in the extractive sector and to foster transparency along the extractive industry value chain – from the point of extraction, to payments to the government, to production levels, to contributions to the economy and community investments. Since Madagascar became an EITI candidate country in February 2008, Ambatovy has been a strong supporter of the EITI process and an active member of the Multi-Stakeholder Group (known as the National Committee in Madagascar), comprised of representatives from government, extractive industry companies, and civil society. Each year, Ambatovy participates in Madagascar’s EITI reconciliation report.

Towards Sustainable Mining (TSM) – Established in 2004 by the Mining Association of Canada (MAC), TSM’s main objective is to help mining companies meet society’s needs for minerals, metals and energy products in the most socially, economically and environmentally responsible way. TSM includes a series of sustainability management protocols to drive improved performance. In 2017, our former operator, Sherritt, joined the MAC, and as such, is required to implement the TSM program at its Canadian operations. It is also encouraged to adopt it at overseas sites. Ambatovy decided to implement TSM as well, which demonstrates our commitment to leadership in sustainability and to continuous improvement, and represents one more step in holding ourselves accountable to a level of performance in sustainability that is quickly becoming the expectation of our stakeholders.

International Standard ISO 9001 – The ISO 9001 certification confirms the ability of Ambatovy to provide goods and services meeting the needs of our clients, and the conformity of our products with international market requirements.

For example, it is needed to meet the requirements of the London Metal Exchange (LME). In 2014, we received our ISO certification for Refining, Analytical Services and Shipping of Nickel, Cobalt, and Ammonium Sulphate products by AFNOR (*the Association Française de Normalisation*), the certification and standardization body. In February 2017, our certification was renewed, under the new and more stringent 2015 version of the ISO 9001 standard.

[International Council on Mining and Metals \(ICMM\)](#)

– The ICMM is an organization established in 2001 to act as a catalyst for performance improvement in the mining and metals industry. The ICMM brings together mining and metals companies with national and regional mining associations and global commodity associations. Ambatovy endeavors to apply relevant ICMM principles and has integrated them, where applicable, into internal planning and strategies.

Appendix 4: Social Investment Fund (SIF)

In 2012, Ambatovy, in partnership with the Government of Madagascar, created the SIF, with a total value of US\$ 25 million to be used for social and infrastructure projects for the benefit of the local population. These projects have been identified in collaboration with our local communities and Malagasy authorities, and are managed in accordance with Ambatovy's procurement and purchasing policies.

At the end of 2020, there were 17 projects that fell under this commitment, with 12 of them completed, three ongoing and two suspended. These projects are:

- the rehabilitation of the century-old *Bazary Be* market in Toamasina (completed in 2014)
- the destruction of the Zeren ammonia stock stored in two old and deteriorating pressure vessels which represented a serious safety hazard for neighboring communities in Toamasina (completed in 2014)
- the establishment of a social business, an integrated poultry farm known as the Harenasoa Poultry Project (completed in 2016)
- support for JIRAMA in Toamasina, the national water and energy provider, through the donation of two generators producing 12.6 megawatts of power to support electricity supply in Toamasina (completed in 2016)
- provision of equipment and the donation of two fire trucks for the fire brigade in Toamasina (completed in 2016)
- the rehabilitation of the Technical and Vocational High School in Toamasina (completed in 2016)
- the rehabilitation of a portion of road in Ambatondrazaka to improve the road infrastructure quality in the capital of the Alaotra Mangoro Region (completed in 2016)
- the creation of a Civil Protection Unit in Toamasina to strengthen the city's emergency response capacities (completed in 2016; as part of a sub-project, security forces were provided with radios to strengthen their capacity and to improve coordination between the services)
- the construction of a new market facility in Moramanga (completed in 2017)
- the rehabilitation of the market in Brickaville (construction completed in 2017; final handover to local authorities in 2019)
- the rehabilitation of the trial court building in Moramanga (completed; final handover to local authorities in 2019)
- the provision of two ambulances for Moramanga (completed; handover in 2020)
- support for the establishment of a mechanism for the good governance of royalties, *Tsara Tantana*, and for the accompaniment and capacity building of communes impacted by our operations (ongoing; please see also under the Governance and Human Rights section)
- the rehabilitation/construction of some small-scale infrastructure in Toamasina (ongoing)
- the construction of a laboratory for the ONE in Toamasina so that it can independently perform analyses (ongoing)
- support for the collection and recycling of domestic waste in Moramanga through the "Moramadio" waste management project (suspended)¹²
- support for the collection and recycling of domestic waste in Toamasina through the "Tamadio" waste management project (suspended)

¹²"Moramadio" is the combination of two words "Moramanga" and "madio" which is Malagasy for "clean"; similarly for "Tamadio" in the case of the waste management project in Toamasina (Tamatave).

Appendix 5: Priority Species

These priority species are listed by the International Union for Conservation of Nature (IUCN) as endangered (EN), critically endangered (CR), evolutionary significant units (ESU) or Species of Concern (SOC), and are nationally, regionally or locally endemic to our conservation and intervention areas.

LEMURS		
NAME	STATUS	LOCATIONS
<i>Daubentonia madagascariensis</i>	EN	Mine footprint, Mine conservation zone, Pipeline, Ankerana, CFAM, Torotorofotsy
<i>Indri indri</i>	CR	Mine footprint, Mine conservation zone, Pipeline, Ankerana, CFAM, Torotorofotsy
<i>Prolemur simus</i>	CR	Mine conservation zone, Pipeline, CFAM, Torotorofotsy
<i>Propithecus diadema</i>	CR	Mine footprint, Mine conservation zone, Pipeline, Ankerana, CFAM, Torotorofotsy
<i>Varecia variegata</i>	CR	Mine conservation zone, Pipeline, Ankerana, CFAM
<i>Avahi laniger</i>	EN	Mine footprint, Mine conservation zone, Pipeline, Ankerana, CFAM, Torotorofotsy

OTHER MAMMALS		
NAME	STATUS	LOCATIONS
<i>Microgale jobihely</i>	EN	Mine footprint, Mine conservation zone, CFAM

BIRDS		
NAME	STATUS	LOCATIONS
<i>Anas melleri</i>	EN	Mine footprint, Torotorofotsy
<i>Ardea humbloti</i>	EN	Mine footprint, Torotorofotsy
<i>Ardeola idea</i>	EN	Torotorofotsy
<i>Sarothrura watersi</i>	EN	Torotorofotsy

AMPHIBIANS		
NAME	STATUS	LOCATIONS
<i>Mantella aurantiaca</i>	CR	Mine footprint, Mine conservation zone, Pipeline, CFAM, Torotorofotsy
<i>Boophis boehmei</i>	EN	Mine footprint, Mine conservation zone, Pipeline, Ankerana, CFAM, Torotofotsy
<i>Boophis feonnyala</i>	EN	Mine footprint
<i>Gephyromantis eiselti</i>	EN	Mine footprint, Mine conservation zone
<i>Gephyromantis thelenae</i>	EN	Mine footprint, Mine conservation zone, Ankerana
<i>Mantidactylus albofrenatus</i>	EN	Mine conservation zone, Ankerana
<i>Plethodontohyla guentheri</i>	EN	Mine conservation zone
<i>Rhombophryne kibomena</i>	EN	Mine footprint, Mine conservation zone, Ankerana, CFAM, Torotorofotsy
<i>Cophyla mavomavo</i>	EN	Mine footprint, Mine conservation zone

REPTILES		
NAME	STATUS	LOCATIONS
<i>Brookesia ramanantsoai</i>	EN	Mine footprint, Mine conservation zone, CFAM
<i>Calumma furcifer</i>	EN	Pipeline, Ankerana
<i>Calumma gallus</i>	EN	Pipeline, Ankerana
<i>Phelsuma flavigularis</i>	EN	Pipeline
<i>Phelsuma pronki</i>	CR	Mine footprint, Mine conservation zone
<i>Uroplatus pietschmanni</i>	EN	Mine footprint, Mine conservation zone
<i>Brookesia minima</i>	EN	Pipeline

FISH		
NAME	STATUS	LOCATIONS
<i>Ratsirakia Mangoro</i>	ESU	Mine footprint, Mine conservation zone
<i>Ratsirakia Sakalava</i>	ESU	Mine footprint, Mine conservation zone
<i>Ratsirakia Vondronina</i>	ESU	Mine footprint, Mine conservation zone
<i>Rheocles Mangoro</i>	ESU	Mine footprint, Mine conservation zone
<i>Rheocles Vondronina/Rianila</i>	ESU	Mine footprint, Mine conservation zone

PLANTS		
NAME	STATUS	LOCATIONS
<i>Dicoryphe sp.nov</i> (Non Orchid)	SOC	Mine footprint
<i>Helichrysum sp. nov. aff.</i> <i>Ambondrombeense</i> (Non Orchid)	SOC	Mine footprint
<i>Hyperacanthus sp. nov. A</i> (<i>'mangoroensis' ined.</i>) (Non Orchid)	SOC	Mine footprint
<i>Aloe leandrii</i> (Non Orchid)	CR	Mine footprint, Conservation zone
<i>Ellipanthus razanatsimae</i> (Non Orchid)	CR	Mine foot print
<i>Seringia macrantha</i> (Non Orchid)	CR	Mine footprint
<i>Bulbophyllum uroplatoides</i> (Orchid)	CR	Mine footprint
<i>Aerangis monantha</i> (Orchid)	EN	Mine footprint
<i>Aerantes polyanthemus</i> (Orchid)	EN	Mine footprint
<i>Angraecum alleizettei</i> (Orchid)	EN	Mine footprint
<i>Angraecum ankeranense</i> (Orchid)	EN	Mine footprint, Conservation zone
<i>Angraecum bicallosum</i> (Orchid)	EN	Mine footprint

PLANTS		
NAME	STATUS	LOCATIONS
<i>Angraecum pseudodidieri</i> (Orchid)	EN	Mine footprint
<i>Angraecum triangulifolium</i> (Orchid)	EN	Mine footprint
<i>Bulbophyllum briophyllum</i> (Orchid)	EN	Mine footprint
<i>Bulbophyllum callosum</i> (Orchid)	EN	Mine footprint
<i>Bulbophyllum cardiobulbum</i> (Orchid)	EN	Mine footprint
<i>Bulbophyllum debile</i> (Orchid)	EN	Mine footprint
<i>Bulbophyllum horizontale</i> (Orchid)	EN	Mine footprint
<i>Bulbophyllum petrae</i> (Orchid)	EN	Mine footprint
<i>Bulbophyllum sulfureum</i> (Orchid)	EN	Mine footprint, Conservation zone
<i>Cryptopus paniculatus</i> (Orchid)	EN	Mine footprint, Conservation zone
<i>Cymbidiella pardalina</i> (Orchid)	EN	Mine footprint
<i>Cynorkis aurantiaca</i> (Orchid)	EN	Mine footprint
<i>Liparis ambohimangana</i> (Orchid)	EN	Mine footprint
<i>Liparis warpuri</i>	EN	Mine footprint, Conservation zone
<i>Pectinariella edmundii</i> (Orchid)	EN	Mine footprint
<i>Pectinariella scroticalacar</i> (Orchid)	EN	Mine footprint
<i>Aspidostemon conoideus</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Coffea liaudii</i> (Non Orchid)	EN	Mine footprint
<i>Cynanchum moramangense</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Eugenia urschiana</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Eugenia wilsoniana</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Melicope discolor</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Melittacanthus divaricatus</i> (Non Orchid)	EN	Mine footprint
<i>Pandanus analamazaotrensis</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Phyllanthus ambatovolana</i> (Non Orchid)	EN	Mine footprint
<i>Psorospermum nervosum</i> (Non Orchid)	EN	Mine footprint, Conservation zone

PLANTS		
NAME	STATUS	LOCATIONS
<i>Baroniella acuminata</i> (Non Orchid)	EN	Mine footprint
<i>Breonia louvelii</i> (Non Orchid)	EN	Mine footprint
<i>Canarium moramangae</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Croton enigmaticus</i> (Non Orchid)	EN	Mine footprint
<i>Croton ferricretus</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Croton humbertii</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Croton radiatus</i> (Non Orchid)	EN	Mine footprint
<i>Decaryochloa diadelpha</i> (Non Orchid)	EN	Mine footprint
<i>Gravesia tanalensis</i> (Non Orchid)	EN	Mine footprint
<i>Ivodea antilahimenae</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Korthalsella taenioides</i>	EN	Mine footprint, Conservation zone
<i>Medinilla lophoclada</i> (Non Orchid)	VU	Mine footprint, Conservation zone
<i>Medinilla mandrakensis</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Noronhia cuspidata</i> (Non Orchid)	EN	Mine footprint
<i>Ochna thouvenotii</i>	EN	Mine footprint, Conservation zone
<i>Tina urschii</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Exacum bulbilliferum</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Psychotria moramangensis</i> (Non Orchid)	EN	Mine footprint, Conservation zone
<i>Aerangis monantha</i>	CR	Mine footprint
<i>Aeranthus antennophora</i>	EN	Mine footprint, Conservation zone
<i>Aeranthus neoperrieri</i>	EN	Mine footprint, Conservation zone
<i>Angraecum pinifolium</i>	EN	Mine footprint
<i>Aspidostemon conoideum</i>	EN	Mine footprint, Conservation zone
<i>Beclardia grandiflora</i>	EN	Mine footprint
<i>Bulbophyllum amoenum</i>	EN	Mine footprint
<i>Bulbophyllum auriflorum</i>	EN	Mine footprint
<i>Bulbophyllum bryophyllum</i>	EN	Mine footprint
<i>Bulbophyllum ciliatilabrum</i>	EN	Mine footprint
<i>Bulbophyllum discilabium</i>	EN	Mine footprint, Offset (Totorofotsy)
<i>Bulbophyllum hapalanthos</i>	EN	Mine footprint

PLANTS		
NAME	STATUS	LOCATIONS
<i>Bulbophyllum imerinense</i>	EN	Mine footprint
<i>Bulbophyllum lakatoense</i>	EN	Mine footprint
<i>Bulbophyllum leandrianum</i>	EN	Mine footprint
<i>Bulbophyllum lyperocephalum</i>	EN	Mine footprint
<i>Bulbophyllum obtusatum</i>	EN	Mine footprint
<i>Bulbophyllum rubiginosum</i>	EN	Mine footprint
<i>Bulbophyllum septatum</i>	EN	Mine footprint
<i>Bulbophyllum subcrenulatum</i>	EN	Mine footprint
<i>Bulbophyllum teretibulbum</i>	EN	Mine footprint
<i>Bulbophyllum toilliezeae</i>	EN	Mine footprint
<i>Cynorkis henrici</i>	EN	Mine footprint
<i>Goodyera perrieri</i>	EN	Mine footprint, Offset (CAZ)
<i>Goodyera rosea</i>	EN	Mine footprint
<i>Jumellea brachycentra</i>	EN	Mine footprint
<i>Jumellea peyrotii</i>	EN	Mine footprint
<i>Keraudrenia macrantha/ Seringia macrantha</i>	CR	Mine footprint
<i>Liparis jumelleana</i>	EN	Mine footprint
<i>Liparis warpuri</i>	EN	Mine footprint
<i>Monoporus floribundus</i>	EN	Mine footprint
<i>Paederia mandrarensis</i>	EN	Mine footprint
<i>Pectineriella edmundi</i>	EN	Mine footprint
<i>Pectineriella scroticalcar</i>	EN	Mine footprint
<i>Pentopetia longipetala</i>	EN	Mine footprint
<i>Polystachya tsinjoarivensis</i>	EN	Mine footprint
<i>Vepris sclerophylla</i>	EN	Mine footprint
<i>Xylopia flexuosa</i>	EN	Mine footprint

Appendix 6: Ambatovy Offset Sites

Offsets are the final step in the mitigation hierarchy, designed to compensate for any residual impacts on biodiversity that cannot be avoided, mitigated, minimized or restored. Given the large scope of our operations and in line with BBOP guidance and IFC Performance Standard 6, Ambatovy has developed a multi-faceted offset program comprising several sites and associated activities. Ambatovy's offsets include the Mine Conservation Forests, the Analamay-Mantadia Forest Corridor (CFAM), the Ankerana Forest and the Torotorofotsy Wetlands Ramsar Site. Combined, these areas come to a total of more than 14,000 ha, or roughly 9 times the size of our Mine area of approximately 1,600 ha.

Incorporated into the offset program is an awareness that sustainable forest management cannot be successful without the support and participation of local populations who depend on forests for their natural resources. Ambatovy promotes community wardenship and has designated peripheral forest segments specific to this use. Through awareness campaigns and livelihood development initiatives, Ambatovy seeks to decrease economic reliance on forest resources and reorient local communities towards alternative income-generating activities.

Mine Conservation Forests

Two parcels of azonal forest overlapping the ore body have been set aside and will not be mined, despite the valuable nickel lying beneath them. The combined area of these two parcels is approximately 300 ha. During the Environmental and Social Impact Assessment, these azonal forest habitats were considered to be a rare habitat type compared to the more typical zonal forests of the Eastern Forest Corridor. In addition, we have more than 3,300 ha on-site of transitional and zonal forests dedicated to conservation. The conservation zone provides a buffer for receiving the fauna leaving the Mine footprint and serves as a seed bank to facilitate ecological restoration of the Mine footprint. These forests are directly managed by Ambatovy.

Analamay-Mantadia Forest Corridor

The Analamay-Mantadia Forest Corridor (CFAM) will be part of a proposed new protected area that will ensure habitat connectivity between existing conservation areas in the region including forests around the Mine managed by Ambatovy, the Ankeniheny-Zahamena Corridor (CAZ), the Mantadia National

Park and the wetlands of Torotorofotsy. Formal protection of this corridor, spanning approximately 8,000 ha in size, will result in the creation of one of the largest continuous expanses of protected habitats in Madagascar (over 450,000 ha) that includes several endangered species such as the critically endangered Diademmed sifaka (*Propithecus diadema*). Ambatovy continues to support the establishment of this larger, new protected area, which will be called the Torotorofotsy-CFAM Complex New Protected Area, and which is still awaiting final governmental approval. We have also supported patrolling activities of the local NGO, GERP, in order to maintain threats at the minimum level, pending the Government appointment of a site manager. Of particular importance, the creation of this larger, new protected area will ensure protection of a surviving population of the critically endangered Greater bamboo lemur (*Prolemur simus*), one of the rarest lemurs in Madagascar and on the list of the top 25 most endangered primates of the world. According to recent surveys conducted by GERP, with support from Ambatovy, the CFAM area contains about 50-70 individuals of this species or 10-20% of the known wild population. Three COBAs participate in the management of the CFAM and are supported by regional offices and NGOs in their duties.

Ankerana Forest

Ankerana was the first offset site identified by Ambatovy and remains the centerpiece of our Business and Biodiversity Offsets Program. It is an intact area of low-to-medium altitude forest lying 70 km to the northeast of the Mine and is linked to the Ankeniheny-Zahamena Corridor (CAZ). The area is continuously threatened by local activities, such as slash-and-burn agriculture and poaching. However, since we began our work in Ankerana in 2011, the number of documented threats has significantly declined. The site has a total surface area of approximately 8,000 ha, of which 6,800 ha serve as a core protection zone. We work closely with the communities on the outskirts of this offset site through education programs and through support for the COBA organizations to ensure that our efforts to protect and maintain the delicate ecosystem continue beyond our operations. Several COBAs have been created to continue to strengthen the protection of the Ankerana Forest's resources. Income-generating activities (IGAs) practiced by the surrounding communities continue to improve and include fish farming, and the cultivation of spices, coffee, and vegetable crops. Conservation International and the local NGO *Vohimanana* work with Ambatovy in managing the protection of the Ankerana Forest, bringing valuable expertise to our biodiversity management.

Torotorofotsy Wetlands Ramsar Site

The Torotorofotsy Wetlands lie immediately to the east of the Mine and cover 10,064 ha of wetlands, forest and other habitats. In 2006, Torotorofotsy was classified as a wetland of international importance under the Ramsar Convention on Wetlands. We support local community associations by reinforcing management capacity and sharing activities that help stop marsh transformation and degradation. The day-to-day management of the Torotorofotsy Wetlands is managed by Asity Madagascar (an affiliate of BirdLife International, the world leader in bird conservation) and supported by

Ambatovy. Patrols conducted by Asity enable Ambatovy to gain an understanding of the range of biodiversity within the wetlands.

The success of Torotorofotsy as an offset site and the sustainability of its protection status will only happen with the participation of the communities surrounding it. Awareness campaigns are carried out and alternative income generating activities, to alleviate the community members' pressure on forest resources, continued throughout the year.

Appendix 7: GRI Content Index

GRI Content Index			
GRI Standard	Disclosure	Report Page	Omission
GRI 101: Foundation [GRI 101 does not include any disclosures]			
General Disclosures: Core Option			
GRI 102: General Disclosures 2016	102-1 Name of the Organization	cover	
	102-2 Activities, brands, products, and services	10	
	102-3 Location of headquarters	back cover	
	102-4 Location of operations	10	
	102-5 Ownership and legal form	14	
	102-6 Markets served	53	
	102-7 Scale of the Organization	10, 11	
	102-8 Information on employees and other workers	49	
	102-9 Supply Chain	29	
	102-10 Significant changes to the organization and its supply chain	8	
	102-11 Precautionary principle or approach	38	
	102-12 External initiatives	24, 58	
	102-13 Membership of associations	24, 57	
	102-14 Statement from senior decision makers	6	
	102-15 Key impacts, risks, and opportunities	16	
	102-16 Values, principles, standards and norms of behavior	10	
	102-17 Mechanisms for advice and concerns about ethics	24, 27	
	102-18 Governance structure	14	
	102-40 List of Stakeholder groups	20	
	102-41 Collective bargaining agreements	50	
	102-42 Identifying and selecting stakeholders	19, 20	
	102-43 Approach to stakeholder engagement	19	
	102-44 Key topics and concerns raised	19	
	102-45 Entities included in the consolidated financial statements	8	
	102-46 Defining report content and topic Boundaries	8	
	102-47 List of material topics	68	
	102-48 Restatements of information	8	
	102-49 Changes in reporting	8	
	102-50 Reporting period	8	
	102-51 Date of most recent report	8	
	102-52 Reporting cycles	8	
102-53 Contact point for questions regarding the report	8		
102-54 Claims of reporting in accordance with GRI Standards	8		
102-55 GRI content index	68		
102-56 External Assurance	8		

GRI Content Index			
Material Topics			
Economic Performance			
GRI 103: Management approach 2016	103-1 Explanation of the material topics and its Boundary	28	
	103-2 The management approach and its components	28	
	103-3 Evaluation of the management approach	28	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	28, 29, 30	
	201-4 Financial assistance received from government		N/A ¹³
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	28	
	103-2 The management approach and its components	28	
	103-3 Evaluation of the management approach	28	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	29, 30	
	203-2 Significant indirect economic impacts	28, 29	
Procurement Practices			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	28, 29	
	103-2 The management approach and its components	28, 29	
	103-3 Evaluation of the management approach	28, 29	
GRI 204: Procurement Practices 2016	204-1 Proportion of Spending on local suppliers	28, 29	
Anti-Corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	25	
	103-2 The management approach and its components	25	
	103-3 Evaluation of the management approach	25	
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	25, 29	
	205-2 Communication and training about anti-corruption policies and procedures	25	
Water			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	45	
	103-2 The management approach and its components	45, 46	
	103-3 Evaluation of the management approach	46	
GRI 302: Water 2016	303-1 Water withdrawal by source	46	
	303-2 Water sources significantly affected by withdrawal of water	46	
Biodiversity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	38	
	103-2 The management approach and its components	38	
	103-3 Evaluation of the management approach	40	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	42, 43	
	304-2 Significant impacts of activities, products and services on biodiversity	38-46	
	304-3 Habitats protected or restored	42, 43	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	61	

¹³Not applicable: Ambatovy does not receive financial assistance from the Government.

GRI Content Index			
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	43, 44	
	103-2 The management approach and its components	43, 44	
	103-3 Evaluation of the management approach	44, 46	
GRI 305: Emissions 2016	305-1 Direct GHG emissions	46	
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	43, 44	
	103-2 The management approach and its components	43, 44	
	103-3 Evaluation of the management approach	45, 46	
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	45	
	306-3 Significant spills	44, 45	
	306-5 Water bodies affected by water discharges and/or runoff	46	
Environmental Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	38-40	
	103-2 The management approach and its components	38-40	
	103-3 Evaluation of the management approach	38-40	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	29	
Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	48	
	103-2 The management approach and its components	48	
	103-3 Evaluation of the management approach	49	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	49, 50	
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	50, 51	
	103-2 The management approach and its components	50, 51	
	103-3 Evaluation of the management approach	50, 51	
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	50, 51	
Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	50	
	103-2 The management approach and its components	50	
	103-3 Evaluation of the management approach	50	
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	50	
	404-3 Percentage of employees receiving regular performance and career development reviews	48	
Human Rights			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	24	
	103-2 The management approach and its components	24, 26	
	103-3 Evaluation of the management approach	24, 26	
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	26, 29	
	412-2 Employee training on human rights policies or procedures	26	
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	26	

GRI Content Index

GRI Content Index			
Child Labour			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	24, 26	
	103-2 The management approach and its components	24, 26	
	103-3 Evaluation of the management approach	24, 26	
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	26	
GRI 409: Forced or compulsory labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	26	
Local Communities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	31	
	103-2 The management approach and its components	31	
	103-3 Evaluation of the management approach	31	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement , impact assessments, and development programs	31	
	413-2 Operations with significant actual and potential negative impacts on local communities	31	
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its Boundary	52	
	103-2 The management approach and its components	52	
	103-3 Evaluation of the management approach	52	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	52	

Appendix 8: Additional References

Please consult the following websites as additional references for information included in this report.

Ambatovy	www.ambatovy.com
Business and Biodiversity Offsets Programme	bbop.forest-trends.org
Children's Rights and Business Principles	unicef.org/csr/
Cobalt Institute	www.cobaltinstitute.org
Equator Principles	http://equator-principles.com
Extractive Industries Transparency Initiative Madagascar	https://eiti.org/Madagascar
Global Reporting Initiative	https://www.globalreporting.org
International Council on Mining and Metals	www.icmm.com
International Finance Corporation's Performance Standards	www.ifc.org/performancestandards
IUCN Red List of Threatened Species	http://www.iucnredlist.org/
Madagascar's National Office for the Environment (ONE)	https://www.pnae.mg/
Nickel Institute	www.nickelinstitute.org
Sustainable Development Goals	https://www.un.org/sustainabledevelopment/sustainable-development-goals/
Towards Sustainable Mining	www.mining.ca/towards-sustainable-mining
Voluntary Principles on Security and Human Rights	www.voluntaryprinciples.org

About Forward Looking Statements

This document contains certain forward-looking statements within the meaning of applicable securities laws. Often, but not always, forward-looking statements can be identified by the use of forward-looking words like “plans”, “targets”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipated” or “does not anticipate” or variations of such words and phrases and statements that certain actions, events or results “may”, “could”, “might”, or “will be taken”, “occur”, or “be achieved”. There can be no assurance that such forward-looking information will prove to be accurate. Forward-looking information is based on the opinions and estimates as of the date such information is provided and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results to be materially different

from those expressed or implied by such forward-looking information. Key factors that may result in material differences between actual results and developments and those contemplated by this document include business, economic and political conditions in Madagascar. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information contained in this document is made as of the date hereof and Ambatovy undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events, unexpected occurrences affecting the statement afterwards, or otherwise, except as required by applicable securities laws. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.



Tranofitaratra Building, 6th floor
Ravoninahitriniarivo Street
Ankorondrano
Antananarivo 101
Madagascar
☎ +261 32 33 665 65
🌐 www.ambatovy.com

