

# Ambatovy Scientific Consultative Committee (SCC)

## Key Recommendations, 8–10 November 2019

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The Ambatovy Scientific Consultative Committee (SCC) met for four days, including three days in Antananarivo and a one-day visit to the mine site. The discussions with Ambatovy staff and consultants were once again open, frank, and constructive, covering a wide range of topics. The members of the SCC appreciated the quality and pertinence of the presentations, which covered key aspects (including both successes and shortcomings) of the company's Sustainability program as well as its overall operations. The Committee also noted that Ambatovy has made a clear and concerted effort to address the recommendations formulated at the SCC's previous meeting in 2017. The Committee stated that Ambatovy is in a unique position to serve as a leader and/or a catalyst (as appropriate) in many critically important domains of regional and national interest and concern, and that doing so would be broadly beneficial to the company, Madagascar, and the Malagasy people.

Based on the discussions held during the 2019 SCC meeting, the following key recommendations were formulated and presented to Ambatovy staff during the closing session:

**1. Ecological restoration.** Significant progress has been made using a science-based, experimental approach to implement ecological restoration at the mine site, which the SCC endorses and recommends should include an appropriate monitoring component. Challenges are associated with ramping up to >20 ha of restoration per year. There is a need to ensure that required resources (trees from nursery, topsoil, logistics, labor, budget) are available on time to avoid costly mitigation actions and ensure that obligations and commitments are met with regard to restoration (including with respect to PS6, BBOP, etc.). Collaboration and coordination with the mining operations team should be strengthened to ensure timely implementation of restoration activities.

**2. Asian toad.** The SCC previously identified the Asian toad as a critical issue for Ambatovy. The Committee was pleased to note that Ambatovy has implemented a clear strategy to support a coordinated national effort by providing financing and by facilitating efforts to secure additional funding. It will be important for the company to plan for its broadened involvement beyond the initial two-year period for which support has been provided.

**3. Invasive species.** Initial steps have been taken to control certain introduced invasive species, which continue to threaten Ambatovy. Further efforts are required to identify the risk of future introductions and to address bio-security issues across all project sites.

**4. Industrial risks and contamination.** The SCC noted that Ambatovy faces a diversity of risks with regard to contamination issues at all project sites (especially at the plant site, TMF, and the marine discharge area) caused by Mn, Ni, PM10, H<sub>2</sub>S, ammonia, and SO<sub>2</sub>. These are likely to generate cumulative processes of contamination in air and soil as well as in surface, groundwater and coastal waters that will eventually affect the health of workers and communities, as well as other non-mining related activities such as fisheries, farming or tourism. The company may wish to consider seeking additional expertise to develop a program ensuring that risks are identified and appropriate measures are taken to avoid, minimize, and limit their impacts.

**5. Improvement of monitoring.** The renewal of the PGES and the PR5 offer an opportunity to review and potentially simplify the environmental and social monitoring programs and the No Net Loss (NNL) projection. This opportunity will enable Ambatovy to refine targets, better align with delivery of key values, and meet audit requirements related to the company's obligations and commitments. Direct monitoring

should be implemented for key environmental risks in order to identify the reasons why established limits are exceeded and to seek solutions that prevent rather than just correct contamination problems.

**6. No Net Loss.** The company has clear obligations with regard to NNL associated with IFC Performance Standard 6, which provides a valuable framework for implementing the mitigation hierarchy and establishing appropriate and responsible goals and objectives. NNL is a commitment of the entire company, not only of the Environment program, and therefore all departments and all members of senior management must be engaged. Understanding of the importance of NNL and its effective implementation needs to be strengthened across the company as part of the effort to position Ambatovy as a global leader in responsible mining and particularly as a supplier of choice to the green energy sector.

**7. Offsets outside the mine concession.** The offset sites situated outside the Ambatovy mine concession (Ankerana and CFAM) are a key component of the company's NNL strategy and therefore must be sustainable over the entire life of the project and beyond. In addition to ensuring the integrity of the sites, it will be important to integrate ecological restoration into the core activities being implemented in order to ensure connectivity to Corridor Ankeniheny-Zahamena (CAZ).

**8. Integration of the Environment (ENV) and Corporate Social Responsibility (CRS) programs.** The SCC appreciated the active participation of staff from both ENV and CSR in the meeting. The Committee noted efforts to communicate and collaborate, but also observed continued 'siloeing' of goals, objectives, planning, and operations. The Committee strongly recommends that further efforts be made to integrate and improve synergy between ENV and CSR. For example, there are opportunities within the Greenbelt initiative for reciprocal language and linkages between offset site management and community development, and between the maintenance of ecosystem services and the active engagement of local communities in order to improve community livelihoods. Conservation results and local economic outcomes are intimately linked; Ambatovy's strategy must build on this reality in order to meet its obligations and commitments in both of these sectors. Targeted coaching would help to clarify ecosystem services and how they relate to community income-generating activities.

**9. Ecosystem Services.** The methodology used to address ecosystem services need to be revisited, since the concept is being used directly as community income activities, and prioritized based on community short term needs, which is important but not enough. In order to make it useful to Ambatovy, the Ecosystem Services approach need to: 1) contribute to the integration between the social and the ecological dimensions, and not address separately each of these parts; and 2) follow a methodology that considers the supply and demand of ecosystem services and a rational prioritization based on current and long-term future potential, connected to the vision for the site. It is necessary to identify, and map, ecosystem services both from an ecological as well as from a community livelihood perspective, combining both ecological and social based methods, considering its future potential to continue delivering services, both now and in the future. That should be the basis for prioritization of the most important and valuable ecosystem services.

**10. Communications.** Communications remain a key issue for Ambatovy, both internally among departments and externally with regard to key stakeholders (which must be carefully identified). The Committee believes that improvements are needed to ensure that communications are suitably targeted to different external audiences. The company's internal Communications efforts must enable and facilitate cooperation and regular exchange between ENV and Ambatovy's operations departments so that needs and challenges are reciprocally understood and appreciated. Ambatovy may wish to reinforce communications through 1) internal and external web-based systems, 2) publishing a regular newsletter to share results and provide clarity on key concepts such as ecosystem services, restoration, NNL, and sustainability, and 3) promoting research at the mine site (which would be facilitated by the establishment of the Biocenter).

**11. Biocenter.** The Committee encourages the creation of a Biocenter to house Ambatovy's scientific activities near the mine site. The Biocenter could assist Malagasy and international scientists in pursuing research projects that amplify the ongoing activities of Ambatovy, provide a channel to communicate Ambatovy activities to a wide audience, and serve as a sustainable element of Ambatovy's long-term exit strategy and vision.

**12. Fire strategy for Greenbelt and offset sites.** Fire is one of the most important causes of deforestation and damage to vegetation cover, and the main cause of soil erosion. Currently in Madagascar, and especially within and around protected areas, fire is increasing and represents a serious threat to biodiversity, habitats, forest cover, and the provision of ecosystem services. Ambatovy should develop and implement a sustainable strategy for fire prevention, early warning, and active fire-fighting, with strong involvement of the communities living within and near Greenbelt areas and offsets sites.

**13. Targeted interventions in local communities.** Targeted interventions offer alternatives to unsustainable natural resource use and allow for the development of economic activities that do not undermine Ambatovy's efforts to meet its environmental obligations and commitments. This may include community energy sourcing and income activities, encouraging adoption of simple technologies (e.g. solar stoves, lamps, etc.) and land tenure management, which will contribute to the reduction of threats, such as local dependence on unsustainably produced charcoal.

**14. Vision.** Local community interventions, including empowerment as well as technical and material support for agricultural activities, must be integrated into a broader vision of conservation and sustainable development, especially in the Greenbelt area and around offset sites. This vision will be more robust if the views of stakeholders are factored into a collective vision of the legacy that will be left by the Ambatovy project once the operation is closed. Empowering stakeholders and making them part of this process is thus critically important.

**15. Corporate Sustainability Strategy.** Ambatovy's Corporate Sustainability Strategy (CSS) is important to support the company's strategic plan, including environmental and social elements. It needs to include a clear vision on the one hand and key performance indicators (KPI) on the other to ensure focus, monitoring and direction. The Committee believes that the CSS should provide a framework for defining project outcomes, and that it could benefit from alignment with the Sustainable Development Goals (SDG) to provide direction and a framework, improving the tangibility and systematic understanding of what sustainability means in the context of Ambatovy.

**16. Exit strategy that includes Sustainability.** The Committee recommends that Ambatovy define a clear exit strategy to ensure financial autonomy of the structures and operations that must continue beyond closure, such as the offset sites and the future use of the mine site, as well as the continuation of activities carried out by the local communities. The company's rehabilitation/restoration strategy and its closure plan need to recognize the key role of various stakeholders in delivering on a suitable post-project reality. It is therefore crucial that the local community be seen not as a target for compensation but rather as a key partner in nurturing the legacy that will be left by Ambatovy.

### **Technical recommendations**

In addition to the recommendations presented above, the SCC formulated the following more technical recommendations:

- The members of the SCC request that reports presented during future meetings open with a summary of relevant obligations and commitments, followed by a list of key issues, quantitative results, and then conclusions

- The Committee suggests that a dedicated session on Ecological Restoration be planned for the next SCC meeting and that key staff from other Ambatovy departments, including operations, participate, in addition to Sustainability staff.
- Given the rate at which the project is moving forward, Ambatovy should consider organizing future SCC meetings on an annual basis.
- The visibility of the SCC on the Sustainability component of Ambatovy website is wholly inadequate. This poses a risk to both Committee members and the company. Members of the Committee will only make their time and expertise available for the next SCC meeting on the condition that this issue is adequately addressed.
- To enable the SCC to provide input on the full array of issues relating to Ambatovy's Sustainability program, the company may wish to add an expert (Malagasy or international) on contamination/eco-toxicology and a Malagasy expert on community development and engagement
- To improve analysis and outcomes from the integration of an ecosystem services component, the company may wish to contract an expert to coach the integrated ENV and CSR teams.
- The members of the SCC request that the company consider publishing the Committee's recommendations on Ambatovy's website and thereby make them publicly available, and that the information provided on the website be linked to the overall Sustainability program and not just to the Environment program.