



Ambatovy Due Diligence Report (OECD Step 5)
Covering the Period: August 25, 2023 - December 31, 2024

Prepared for: Responsible Minerals Initiative -
Responsible Minerals Assurance Process (RMI-RMAP)
January 2025





FOREWORD

Ambatovy's vision is to be recognized as a responsible and successful producer of high-quality nickel and cobalt that creates lasting value for all stakeholders while contributing to sustainable development in Madagascar. In line with this commitment, Ambatovy fully supports the Responsible Minerals Initiative's Responsible Minerals Assurance Process (RMI-RMAP) and adheres to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as well as the Cobalt Standard.

1. Company Information

- a. Ambatovy is a joint venture owned by two shareholders: Sumitomo Corporation and Korea Mine Rehabilitation and Mineral Resources Corporation (KOMIR). The enterprise operates through two companies, both established and incorporated in Madagascar:

- Ambatovy Minerals S.A. (AMSA) - Holds the mining title and oversees operations at the Mine Site including the Pipeline.
- Dynatec Madagascar S.A. (DMSA) - Manages the Plant Site and all related activities.

Together, AMSA and DMSA oversee the day-to-day operations of Ambatovy. As stated in Article 15 of Law No. 2001-031 (dated October 8, 2002), they are collectively referred to as "Ambatovy Project", certifying their eligibility for the special regime for large investments in Madagascar's mining sector. This status enables them to exploit, process, market and export minerals extracted from nickel and cobalt deposits at Ambatovy.

- b. RMI CID Numbers

- Cobalt: 003232
- Nickel: 003968

- c. The company's Mine Site is located just north of the town of Moramanga, approximately 80 km east of Antananarivo, the country's capital. The Plant Site, which includes both a Processing Plant and a Refinery, is located in Toamasina. A 217 km closed Pipeline, is operated exclusively by Ambatovy, transports slurry from the Mine to the Refinery. An auxiliary office in Antananarivo provides administrative, legal and communications support to both sites and serves as a liaison with government offices, international organizations, media, and business sectors. Additionally, Ambatovy operates both a Port facility and a Tailings Management Facility, located in Toamasina.

- d. Ambatovy produces Class 1 (99.9%) Nickel briquettes and pure (99.9%) Cobalt briquettes or powder. By-products of the refining process include Ammonium Sulphate and Copper-Zinc alloy. The ore body at the Mine consists of two lateritic ore deposits - Ambatovy and Analamay – which are located entirely and exclusively in Madagascar. Ambatovy does not process any external ore; all nickel and cobalt feedstock comes from its own mining operations. The slurry is transported from the Mine to the Plant Site through the 217 km buried pipeline.

- e. This is Ambatovy's second "Step 5" Due Diligence Report. The previous report covered the period from April 13, 2022, to August 25, 2023, while this report covers the period from August 25, 2023, to December 31, 2024.

2. Responsible Minerals Assurance Process (RMAP) Assessment Summary

- Date of first RMAP assessment: April 13, 2022 (Validity: One year)
- Date of last RMAP assessment: September 11 – 13, 2023 (Validity period: One year)
- Assessment period for the first RMAP assessment: December 6, 2020 - December 6, 2021
- Most recent assessment period: July 12, 2021 – July 31, 2023
- Assessment firm: Arche Advisors
- URL link to the most recent RMAP assessment report: [RBA-Online](#)

3. Company Supply Chain Policy

- a. In consultation with third-party risk assessment consultants, Ambatovy has assessed all risks described in OECD Annex II (detailed in Section 5 below). The company's first Responsible Sourcing Policy was approved by Senior Management in March 2023 and made publicly available on Ambatovy's website. An updated version, incorporating a specific reference to the Cobalt Standard's provisions on workers' physical and mental health, was approved and published in September 2023. Additionally, Ambatovy has a Supplier Code of Conduct and, in June 2024, updated its Health & Safety, Environment, Community, and Quality Policy which was also published on the company's website. Other key policies linked to the Responsible Sourcing Policy include our Human Rights Policy, our Integrity Guide and our Security Policy.
- b. All policies of relevance to suppliers are publicly available at: [Our Policies - Ambatovy](#).section on our website - www.ambatovy.com

4. Company Management System

a. Management Structure

Ambatovy is committed to upholding the principles outlined in its Responsible Sourcing Policy and Supplier Code of Conduct. As due diligence and responsible sourcing involve multiple departments, overall responsibility for policy implementation lies with Ambatovy's Senior Management.

Ambatovy's CEO is accountable for overseeing the implementation of the Responsible Sourcing Policy.

The Operations Directorate at DMSA identifies and plans the monthly production schedule, starting with the required ore transfer from the Mine Site (AMSA) to the Processing Plant (DMSA), ensuring the necessary refined product is delivered to customers while considering all operational parameters. A dedicated team is responsible for daily monitoring, inventory management, and reporting on all ore transactions up to the final qualified product.

The HSEQ Management System, supported by the Supply Chain, Legal, and HR Training teams, ensures the planning and execution of Ambatovy's policy-related training programs. These include training on the Human Rights Policy, Fraud, Bribery and Corruption (FBC) training, Risk Management, Grievance Mechanisms and the Responsible Sourcing Policy.

Every year, Ambatovy ensure the monitoring of its performance in Fraud, Bribery and Corruption (FBC), Grievance mechanisms, Contractor Management and Health, Safety, and Environment (HSE) performance. Action plans are followed up by the relevant departments including Legal, Supply Chain, HR, Social Investment and Community Engagement (SICE) and HS teams, using internal software tools.

The company's Management System was deemed compliant in the last RMAP Assessment and will continue to ensure compliance in each subsequent annual assessment. Ambatovy's approach to addressing the OECD's main risks is outlined in Section 5 below.

b. Internal Systems of Control.

Ambatovy is committed to adhering to the five-step due diligence process outlined in the OECD Guidance. Regarding Responsible Sourcing, Ambatovy underwent a re-certification process under RMI-RMAP and was declared conformant for both Nickel and Cobalt in October 2023. Specifically, Ambatovy commits to:

- Establishing or maintaining strong company management systems. Company-wide, Ambatovy was externally re-certified in 2023 for its Quality Management System (ISO 9001). Regarding occupational health and safety, and environmental performance, Ambatovy underwent ISO 45001 and ISO 14001 audits in June 2023 and obtained certifications for both the Occupational Health and Safety management System and the Environmental Management System in September 2023. In line with ISO standards, an annual surveillance audit was carried out for ISO 9001, ISO 45001, and ISO 14001 in August 2024. All mentioned certificates have been maintained.
- Identifying and assessing risks in the supply chain (see section below).
- Designing and implementing a strategy to respond to such risks (see section below).
- Carrying out independent third-party audits at identified points in the supply chain. Ambatovy underwent a field audit for re-certification by an external auditor assigned by RMI in Q1 2025.
- Reporting on supply chain due diligence. This is Ambatovy's second report, following the reporting template provided by RMI.

c. Record and Document Keeping.

Ambatovy adheres to ISO 9001 requirements for "documented information". Depending on the nature of the records, different retention periods are applied to different types of documents (see procedure: IMS-PRO-001, last updated August 2, 2024). For OECD-related documents, a retention period of five years is maintained.

Archiving is performed digitally on secured company drives. Records and documents of interest across the company are stored on a central company drive, allowing company-wide access. Other documented information is kept on secure departmental drives.

5. Risk Assessment

The foundation for Ambatovy's RMI-RMAP assessment is based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as well as the Cobalt Standard. The case of the Ambatovy's supply chain is unique, as it involves a single-source supply chain, mined exclusively by Ambatovy in Madagascar, transported by Ambatovy, processed and refined by Ambatovy, with no third-party ore entering the supply chain. This critical aspect was point explicitly verified by the external RMI-RMAP auditor.

Both the Ambatovy Mine Site and Plant Site operate in Madagascar. Ambatovy outlines the process for determining whether Madagascar is classified as a Conflict-Affected and High-Risk Area (CAHRA) in its procedure IMS-PRO-009. An annual CAHRA assessment is conducted, and periodic monitoring is performed to ensure the assessment remains valid and that Madagascar's classification has not changed.

Since Ambatovy's supply chain for nickel and cobalt ore is unique, with only one supply chain operated and owned exclusively by Ambatovy in Madagascar, the Know-Your-Supplier process is not applicable.

The following section outlines how Ambatovy assesses and addresses the risks identified in the OECD Due Diligence Guidance Annex II, which could have significant adverse impacts associated with the extraction, trade, handling, and exportation of minerals globally, particularly from conflict-affected and high-risk areas. These risks include:

a) Serious Abuses Associated with the Extraction, Transport, or Trade of Minerals.

Ambatovy's chain of custody and traceability is straightforward, as it involves only a single supply chain originating from the Ambatovy mine. Transport is assured through a closed slurry pipeline, which is also owned and controlled by Ambatovy. Volumes of ore are measured by weight and flow at both the Mine Site, where the ore enters the Pipeline, and at the Pipeline exit, where the slurry enters the processing facility.

The refinery works in tandem with the processing facility, which must be constantly adjusted based on the quantity and quality of ore passing through the Pipeline. The refined end-products are sampled and analyzed in the on-site Ambatovy-owned laboratory. Packaging is done according to customer specifications, accompanied by the necessary supporting documentation. The final product is placed in locked, sealed and clearly marked containers, and transported to the Port for export under Ambatovy's security. Upon arrival at the Port, the product enters a government-controlled and secured customs area, prior to shipping. Shipping is done by third parties under contract with Ambatovy and is accompanied by a Bill of Lading and other supporting and contractual documents identifying the product. Ambatovy's responsibility ends when the product docks at the port of destination, where the customer responsibility begins.

Ambatovy has implemented its Human Rights Policy to ensure that all stakeholders involved in the processes are free from abuse, covering both AMSA and DMSA operations. Additionally, Ambatovy conducts regular internal audits to ensure compliance with its policies. These internal audits may be carried out by Ambatovy internal auditors, Sumitomo internal auditors, or and SCM ALBI auditors.

b) Child Labor.

Ambatovy categorically prohibits all forms of child labor, including not only the worst forms but any form of child labor, in line with serious human rights abuses. The company closely adheres to Malagasy law and ensures that no individual under the age of 18 is hired. This policy applies to all Ambatovy employees as well as contractor employees. Identity checks are rigorously performed by our Human Resources department as part of the recruitment process.

c) Grievances.

Ambatovy has a comprehensive and policy on workplace harassment and has implemented a robust grievance system to address any concerns from employees, contractors, suppliers or the wider community. The following departments are responsible for handling grievances:

- The HR department is tasked with receiving, investigating, and resolving all grievances from both AMSA and DMSA employees.
- The Social Investment and Community Engagement (SICE) department manages grievances from external stakeholders, including the community, local authorities, and neighboring residents.

A toll-free number is available for external stakeholders, and for those in rural areas, the SICE department has identified key contacts along the Pipeline and around all Ambatovy sites. Grievance forms are accessible through these contacts, enabling issues to be escalated to Ambatovy dedicated staff. In addition, a whistle blower system is in place, which provides online access for reporting: [Whistleblower System](#). This process is overseen by the Compliance Committee.

Physical ‘red boxes’ are also strategically placed at all Ambatovy sites and offices, allowing anyone involved in project to report human rights violations, harassment, or any non-conformances with company policies.

All Ambatovy grievance mechanisms are tracked to ensure that each complaint is properly registered and handled according to the internal procedures.

The outcomes and resolutions of grievances are communicated to the complainants. Ambatovy also reports publicly on grievances in its annual sustainability report, which can be found on the Ambatovy website: [Sustainability Report](#).

d) Direct or Indirect Support to Non-State Armed Groups

Following the annual CAHRA assessment, which evaluates the country’s security situation using public and official sources, it has been determined that there are no non-state armed groups operating in Madagascar. While armed robbery is an issue in the southern part of the country, the 2023 and 2024 assessments confirmed that Madagascar does not qualify as a CAHRA.

e) Public or Private Security Forces

Ambatovy contracts private security companies, namely HAP and G4S, to provide security services. However, private security forces have jurisdiction only within Ambatovy’s properties, which include the Mine Site, Plant Site, Tailings Facility, ammonia storage site, Port, Pipeline camp area, private airstrip, and administrative offices.

For security outside these areas, Ambatovy works in coordination with government security forces, including the gendarmerie, police and military. Both public and private security personnel undergo training in line with the Voluntary Principles on Security and Human Rights (VPSHR) international standards. Refresher training sessions are scheduled every six months by the Security Management team. An internal audit was conducted to evaluate the effectiveness of the VPSHR implementation at Ambatovy, and no issues were found.

f) Bribery and Fraudulent Misrepresentation of the Origin of Minerals.

Bribery and other forms of corruption are strictly prohibited and may result in immediate dismissal and potential legal action. Ambatovy is governed by its Integrity Guide, which details various forms of bribery and corruption, including the bribery of government officials and policies regarding gifts.

The production process is managed as a unique can controlled operation. The monthly production report confirms that all extracted ore from the Mine Site is through the refining structure. Ambatovy operates two laboratories to ensure the quality and traceability of the ore, which is crucial for both process efficiency and mineral origin verification.

Since 2023, Ambatovy has enhanced communication, training, and awareness efforts regarding Fraud, Bribery and Corruption compliance for AMSA and DMSA employees, as well as contractors. Training has been completed to ensure employees understand how to respond appropriately to any undue solicitations.

g) Bribery and Corruption in Reporting to Government

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). This group includes representatives from the government, extractive industry companies, and civil society. During the period covered by this Step 5 Report, Ambatovy continued its active participation in the National Committee of EITI Madagascar. Key activities during the year include:

- Finalization and publication of the 2021 report on February 6, 2024;
- Successful third-party validation of EITI Madagascar on March 20, 2024;
- Continuing efforts to implement systematic disclosure in Madagascar and provide recommendations for moving forward;
- Participation on the regional workshop from May 28 - 30, 2024, in Abidjan;
- Finalization and publication of the 2022 report on December 31, 2024.

h) Money Laundering

Given the nature Ambatovy's unique, company-owned, and operated supply chain, as well as the specific characteristics of the mineral (e.g., nickel and cobalt), the risks associated with money laundering are considered highly unlikely.

i) Payment of Taxes, Fees and Royalties Due to Governments

A dedicated unit within Ambatovy's Finance Department is responsible for ensuring the proper payment of all taxes, dues, and royalties to the Government of Madagascar.

Ambatovy publishes the total amounts paid each year in its Annual Sustainability Report. In 2023, payments to government totaled US \$89.4 million compared to US \$46 million in 2022.

- j) Risk of Conflict, Severe Human Rights Abuses, Money Laundering, and Mineral Fraud
In line with LME Responsible Sourcing requirements, Ambatovy commissioned an initial CAHRA assessment in late 2021/early 2022 to determine whether Madagascar qualifies as a conflict-affected and high-risk area (CAHRA) under the OECD definition. The assessment was carried out by an independent third party with expertise in ESG risks in Madagascar's mining sector. The report concluded that Ambatovy does not source from, produce in, or transit through any CAHRAs.

The methodology for this assessment is described in Ambatovy's procedure IMS-PRO-009. The results of the initial assessment allowed Ambatovy to conduct regular updates on the status of Madagascar. Subsequent updates in July 2023 and December 2024 reaffirmed that the company does not source from, produce in, or transit through any CAHRAs.

The CAHRA assessment tool used by Ambatovy consists of three phases to ensure a thorough understanding of the operating context and to determine whether Madagascar is considered a CAHRA:

- a. **Country Issues Review:** This phase involves reviewing updated information on conflict, human rights and governance issues in Madagascar, in compliance with the RMI-RMAP guidelines. It includes a comprehensive literature review, with a focus on subnational levels.
- b. **Status and Severity:** This phase evaluates 12 relevant indicators to assess the risks and severity of issues in Madagascar. Ambatovy relies on external relationships, expert sources, and local media to further monitor and assure the situation both nationally and locally.
- c. **CAHRA Assessment:** This phase determines whether the area of focus is in a state of armed conflict, post-conflict fragility, or part of a failed state.

6. Conclusion

A dedicated, inter-departmental team is tasked with tracking the implementation of Ambatovy's Responsible Sourcing Policy.

This team works across various departments to ensure that Ambatovy's policies on Responsible Sourcing, Human Rights, Security, Integrity and HSECQ are maintained and continuously improved.

The primary method for tracking performance and recommending improvements is through annual internal audits and external RMI audits.

In addition, Ambatovy conducts an annual re-assessment of conflict and human rights risks through its CAHRA assessment tool.



Any significant changes and the corresponding mitigation measures will be highlighted, with recommended mitigating actions presented to Senior Management. The results will be published in the annual Due Diligence Report and referenced in the annual Sustainability Report.

