

## 1 BACKGROUND

Ambatovy is a joint venture between Sumitomo Corporation (Japan) and the Korea Mine Rehabilitation and Mineral Resources Corporation (KOMIR). Ambatovy is a fully integrated mining operation comprising an open-pit laterite Mine, operated by Ambatovy Madagascar S.A (AMSA) in Moramanga, a 220 km Pipeline, transporting raw ore to the Processing Plant in Toamasina, operated by Dynatec Madagascar S.A (DMSA). Together, AMSA and DMSA operate under the unified name "Ambatovy."

Ambatovy's vision is to be recognized as a successful and responsible producer of high-quality Nickel and Cobalt that creates lasting value for all stakeholders and that contributes to sustainable development in Madagascar.

This vision involves engaging stakeholders and impacted communities, operating ethically and responsibly, striving to meet the highest standards, ensuring a safe and rewarding workplace, and demonstrating robust responsible mineral sourcing practices, notably in compliance with the Organization for Economic Co-operation and Development (OECD) guidelines.

## 2 PURPOSE:

This Policy outlines Ambatovy's commitment to responsible mineral mining and sourcing, in line with our core values and the OECD Due Diligence Guidance for Responsible Supply Chain of Minerals from conflict-Affected and High-Risk Areas. It complements the Ambatovy Human Rights Policy and supports international best practices in ethical sourcing.

## 3 SCOPE:

This Policy covers all Nickel and Cobalt produced by Ambatovy, from the ore extraction activities at the Mine Site (AMSA) to the processing at the Plant Site (DMSA). It applies to all personnel, including senior management, employees, contractors, subcontractors, and suppliers involved in these operations.

## 4 DEFINITIONS:

- Conflict-Affected and High-Risk Areas (CAHRAs): These are regions where serious abuses associated with the extraction, transport or trade of minerals are likely to occur. Such abuses include direct or indirect support to non-state armed groups or public and private security forces, bribery, fraudulent misrepresentation of mineral origins, money laundering, and the non-payment of taxes, fees, and royalties to the government, contrary to the principles outlined by the Extractive Industries Transparency Initiative. CAHRAs are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict can take various forms, including international or non-international conflicts, which may involve two or more states, wars of liberation, insurgencies, civil wars and similar situations.



- High-risk areas may include areas with political instability or repression, institutional weakness, insecurity, collapsed civil infrastructure and widespread violence. Such areas are often characterized by severe human rights abuses and violations of national or international law.
- Extractive Industries Transparency Initiative (EITI): A global standard that promotes the open and accountable management of oil, gas, and mineral resources. It aims to strengthen governance by enhancing transparency and accountability in the extracting sector, helping to ensure that natural resource revenues contribute to sustainable development and poverty reduction.
- Organization for Economic Co-operation and Development (OECD) Guidelines: *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* - an internationally recognized framework that helps companies implement responsible sourcing practices, respect human rights, and avoid contributing to conflict through their mineral supply chains.
- Responsible Minerals Initiative (RMI): A global industry initiative that provides companies with tools and resources to make informed choices about responsible sourced minerals in their supply chains.
- Responsible Minerals Assurance Process (RMAP): A program developed by the RMI to assess and validate smelters and refiners for their compliance with responsible sourcing standards, particularly those aligned with the OECD Guidelines.
- Occupational Health and Safety, Environment, Community and Quality (HSECQ) Policy: Ambatovy's policy outlining its commitment to safe operations, environmental protection, community engagement, and quality performance across all activities.

## 5 OUR PRINCIPLES:

### 5.1 General Principle

- 5.1.1 Ambatovy Minerals S.A. (AMSA) is the exclusive supplier of raw ore to Dynatec Madagascar S.A. (DMSA). Ambatovy ensures that all ore transfer activities from the Mine to the Plant strictly comply with its established policies and operational procedures.
- 5.1.2 Ambatovy is firmly committed to responsible mineral mining and sourcing and avoids engaging in any actions that could contribute to the financing of conflict.
- 5.1.3 All contractors and subcontractors interacting with AMSA and DMSA will be subject to regular audits to ensure their practices are aligned with this Policy.

### 5.2 Ambatovy Raw Material Due Diligence Management System

- 5.2.1 Ambatovy commits to implementing the five-step due diligence process as defined in Annex I of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, 3rd Edition "The OECD Guidance".



**5.2.2** Acknowledging the potential risk for significant adverse impacts which may be associated with the mineral extraction, handling, transport, trading and export from conflict-affected and high-risk areas (CAHRAs), Ambatovy conducts a regular basis and at least once a year, evaluations to assess, whether Madagascar, Moramanga or Toamasina may be classified as Conflict-Affected and High-Risk Areas (CAHRAs).

**5.2.3** Ambatovy ensures periodic review of its raw mineral risk assessment regarding the risks described in annexe II of OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as well as risks related to Occupational Health and Safety, Environment and Community as outlined in the Ambatovy HSECQ Policy.

**5.3 Our Commitment regarding the risk associated with the extraction, handling transport, trade and exportation of minerals specified in annexe II of the OECD Guidance.**

Ambatovy will neither tolerate nor profit from, contribute to, assist, or facilitate the commission by any party of any risks associated with the extraction, handling transport, trade, or exportation of minerals. These include, but are not limited to:

**5.3.1 Regarding Serious Abuses:**

We do not tolerate, nor by any means profit from, contribute to, assist with, or facilitate the commission by any party of:

- Any form of torture, cruel, inhuman and degrading treatment;
- Any form of forced or compulsory labor (defined as work or service extracted from any person under the menace of penalty, for which said person has not offered themselves voluntarily);
- Any form of modern slavery, including forced labor and child labour (as defined by the International Labour Organization) in their operations.
- Employment of anyone under the national minimum legal age for employment;
- Other gross human rights violations and abuses, such as widespread sexual violence; and
- War crimes or other violations of international humanitarian law, crimes against humanity or genocide.

**5.3.2 Regarding Direct or Indirect Support to Non-State Armed Actors:**

We do not, either directly or indirectly, support non-state armed groups through the extraction, handling, transport, trade, or export of minerals. "Direct or indirect support" to non-state armed groups through these activities includes, but is not limited to, procuring minerals from, making payments to, or otherwise providing logistical assistance or equipment to non-state armed groups or their affiliates who:

- Illegally control mine sites or transportation routes, points where minerals are traded, and/or upstream actors in the supply chain; and/or
- Illegally tax or extort money or minerals at access points to mine sites, along transportation routes, or at points where minerals are traded; and/or



- Illegally tax or extort intermediaries, export companies, or international traders.

### **5.3.3 Regarding Public or Private Security Forces:**

We do not, either directly or indirectly, support public or private security forces that illegally control sites, transportation routes, or upstream actors in the supply chain; illegally tax or extort money or minerals at access points to mine sites, along transportation routes, or at points where minerals are traded; or illegally tax or extort intermediaries, export companies or international traders.

We recognize that the role of public and private security forces at our Mine and Plant Sites, in surrounding areas, and along transportation routes should be solely to maintain the rule of law. This includes safeguarding human rights; providing security to our employees, equipment and facilities; and protecting the Mine and transportation routes from interference with legitimate extraction and trade.

Moreover, our agreements and contracts with public and private security forces, require they operate in accordance with the Voluntary Principles on Security and Human rights (VPSHR). In particular, we require these security providers to conduct pre-employment screening to ensure that individuals known to be responsible for gross human rights abuses are not hired, and to provide comprehensive training.

### **5.3.4 Regarding Bribery and Fraudulent Misrepresentation of the Origin of Minerals:**

We do not offer, promise, give or demand bribes, and we resist any solicitation of bribes to conceal or disguise the origin of minerals or to misrepresent taxes, fees, and royalties paid to the government for the extraction, trade, handling, transport, or export of minerals.

### **5.3.5 Regarding Money Laundering:**

We support efforts to eliminate money laundering and contribute to its effective prevention whenever we identify a reasonable risk of money laundering connected to the extraction, trade, handling, transport, or export of minerals derived from the illegal taxation or extortion of minerals at mine access points, along transportation routes, or at trading points involving upstream suppliers.

### **5.3.6 Regarding the Payment of Taxes, Fees, and Royalties, Due to the Government:**

We ensure that all taxes, fees, and royalties related to mineral extraction are paid to the Government and disclose such payments in accordance with the principles set forth by the Extractive Industry Transparency Initiative (EITI), to which Madagascar adheres and in which Ambatovy actively participates.

## **5.4 Our Commitment to the Environment**

- 5.4.4 Ambatovy is committed to ensuring that raw materials are sourced in ways that minimize environmental harm. This includes preventing biodiversity loss, reducing pollution, minimizing carbon footprints, and promoting responsible mining practices across our operations.



## **5.5 Our Commitment to Health, Safety, and Social Responsibility**

- 5.5.4 Through the implementation of our HSESCQ policy and Social and Risk Management Framework, Ambatovy fosters, build, promote, and maintain a strong culture aimed at preventing environmental impact, occupational health and safety incidents, and losses affecting employees, contractors, suppliers and community partners.
- 5.5.5 In accordance with the Cobalt Refiners Supply Chain Due Diligence Standard (Version 2.0), Ambatovy ensures that occupational health and safety measures and workplace conditions are adequate to protect the physical and mental health of both our direct and indirect employees.

## **5.6 Our risk management regarding the risk associated with the extraction, handling transport, trade and exportation of minerals specified in annexe II of the OECD Guidance and HSECQ Compliance.**

### **5.6.1 In Terms of Prevention:**

Ambatovy will conduct comprehensive due diligence on its raw material supply chain prior to entering into any contractual agreements. This includes evaluating the risks to AMSA contractors and subcontractors to ensure full compliance.

### **5.6.2 Regarding Risk Management of Serious Abuses:**

We will immediately suspend or discontinue engagement with any contractor or supplier where there is a reasonable risk that they are committing, or any linked to any party committing such abuses.

### **5.6.3 Regarding Risk Management of Direct or Indirect Support to Non-State Armed Groups:**

We will immediately suspend or discontinue engagement with contractors where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups.

### **5.6.4 Regarding Risk Management of Public or Private Security Forces:**

We will immediately adopt and implement a risk management plan with mine and plant suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces as identified in paragraph 5.3.3. In such cases, we will suspend or discontinue engagement with the suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan.

### **5.6.5 Regarding Risk Management of Bribery, Fraudulent Misrepresentation of the Origin of Minerals, Money Laundering, and Payment of Taxes, Fees and Royalties Due to the Government:**

We commit to engage with suppliers, central, regional or local governmental authorities, international organizations, civil society groups, and affected third parties, as appropriate, to improve and monitor their performance with a view to preventing or mitigating risks of adverse impacts through measurable steps taken within six months. We will suspend or discontinue engagement with suppliers after

failed attempts at mitigation within six months from the adoption of the action plan, in accordance with their specific role in the company's supply chain.

### **5.6.6 Regarding Our Risk Management of Occupational Health & Safety, Environment and Social Responsibilities:**

Ambatovy follows its HSECQ Policy and the Occupational Health, Safety, Environment, and Social Management Systems in place. Any employee, contractor or a subcontractor who breaches Ambatovy policies, will face disciplinary measures, in line with internal procedures and the Compliance Committee's terms of reference.

## **5.7 Monitoring of Transactions**

**5.7.1** All ore from the Mine Site is transported to the Plant Site via a dedicated 220 km pipeline. To maintain transparency and accuracy:

- a) chemical analyses are conducted by Ambatovy's internal laboratory team;
- b) transaction quantities are recorded for each batch and shift, from mine planning to processing, across all operational departments;
- c) the Metallurgical Accounting and Mine Technical Services Departments review and analyze these records daily and monthly.

## **5.8 Training**

**5.8.1** Ambatovy will continuously provide training to personnel working in the ore supply chain, from the Mine to the Plant Site and ensure that they have sufficient knowledge and experience of the due diligence management system and this policy.

## **5.9 Public Reporting**

**5.9.1** Ambatovy publishes an annual report on the step-five due diligence system. This report is publicly available on Ambatovy's corporate website: [www.ambatovy.mg](http://www.ambatovy.mg).

## **5.10 Managing Documents**

**5.10.1** Ambatovy's raw materials due diligence system follows the Document Control procedure and adheres to record retention timelines to ensure traceability of ore sourcing and effective documentation of the due diligence management system.

**5.10.2** This policy will be reviewed and updated at least every three years, or as necessary in response to organizational changes or updates to the raw materials due diligence system.

## **5.11 Independent Third-Party Audits**

**5.11.1** Ambatovy ensures regular external audits by an independent third party to evaluate the effectiveness of the raw materials due diligence system and to maintain its Responsible Mineral Initiative certification.

## **5.12 Communication of this Policy**

**5.12.1** This policy shall be communicated internally and externally to our suppliers involved in the extraction, handling, transport, trade and export of minerals. It will be publicly available and understood and applied throughout the organization.



**5.12.2** This policy should be read in conjunction with Ambatovy's Integrity Guide and other relevant policies, including the Human Rights Policy, HSECQ Policy, Supplier Code of Conduct, Environmental Code of Conduct, and additional company documents related to specific areas.

## 6 ROLES AND RESPONSABILITIES

- Ambatovy's CEO is responsible for overseeing the implementation of this Policy.
- Ambatovy's Senior Management holds overall responsibility for ensuring the implementation and compliance with this Policy.
- The Metallurgical Accounting and the Mine Technical Services are responsible for ensuring transaction traceability from the Mine to the Plant Site and for recording evidence in accordance with the Normative Policy and Document Control Procedure.
- The Laboratory Team is responsible for the control of raw materials and all process control results, ensuring accurate recordkeeping in accordance with the Normative Policy and Document Control Procedure.
- In coordination with the Supply Chain and HR Training Departments, the Senior Management develops training modules to ensure proper understanding and compliance with this Policy.

## 7 SUPPORTING DOCUMENTS

- UN Guiding Principles on Business and Human Rights
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals From Conflict-Affected and High-Risk Areas, 3rd Edition
- Cobalt Refiner Supply Chain Due Diligence Standard, Version 2.0
- Joint Due Diligence Standard for Copper, Lead, Molybdenum, Nickel and Zinc, Version 3
- ILO Declaration on Fundamental Principles and Right at Work
- Extractive Industries Transparency Initiative (EITI)
- Harassment on Working Premises Policy
- Loi N° 2024-014 du 14 Aout 2024 Code de Travail
- UN Sustainability Development Goals (SDGs)
- Voluntary Principles on Security and Human Rights
- Children's Rights and Business Principles
- Ambatovy Integrity Guide
- Ambatovy Human Rights Policy
- Health, Safety, Environment, Community and Quality (HSECQ) Policy





- Risk Management Policy
- Safety Procedures, Enterprise Risk Management, and Fitness for Work procedures
- Code of Conduct
- Supplier Code of Conduct
- Security Policy and Procedures

## 8 REVISION HISTORY

Revision	Date	Pages	Reason
1	13/03/2023		Initial creation of the document.
2	20/09/2023		Revision 1.
3	February 2025	1, 4 and 6	Clarification of Roles and Responsibilities in line with the RMAP Standard.
4	May 2025	1,2, 3, 4, 6 and 7	Clarification of AMSA and DMSA background. Updated Purpose section to include international standard references. Revised scope to provide more details. Updated the Principles section to include structured details and defined timescales for disengagement or progressive improvement in case of policy breach. Updated the Roles and Responsibilities section.

## 9. DISTRIBUTION

Distribution		
<input checked="" type="checkbox"/> Company General Use	<input type="checkbox"/> Restricted	<input type="checkbox"/> Confidential

## 10. APPROVAL

 25.06.2025

Approved by Mark Zaborowski – CEO, Ambatovy JV

Signature and Date

Mark Zaborowski  
Président Directeur Général

