

Sherritt International Corporation

2022-2023 Update on Annual Report

to

The Voluntary Principles on Security and Human Rights



April 2023

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About this Report

Sherritt International Corporation (“Sherritt” of “the Company”) is a Corporate Pillar member of the Voluntary Principles on Security and Human Rights (“VPSHR” or “VPs”). Since 2014, Sherritt has implemented a management system to assist its operations in the identification and mitigation of potential security and human rights related risks, in alignment with the expectations of the VPs. This report is being submitted to the VPs as an update to previously submitted [Annual Reports](#). This report covers the time period at the start of Q2 2022 through to the end of Q1 2023 and is scoped to address implementation of the VPSHR at Sherritt’s operations in Cuba and Canada. No material changes to Sherritt’s approach to Security and Human rights have occurred since submission of our last Annual Report (May 2022).

Reporting Content

A. Commitment to the Voluntary Principles

1. *Public Statement of Commitment or Endorsement of the Voluntary Principles*

Sherritt's public commitments to the VPSHR are reflected in its publicly available [Human Rights Policy](#). The policy aligns with declarations and guiding principles from the United Nations and includes clear commitments to Rights of the Child. The Human Rights Policy applies to all Sherritt operations in Canada and Cuba and is regularly communicated to all employees, contractors, consultants, suppliers, and joint venture partners. It is also included in applicable contractor and supplier contracts and agreements. Senior management and the Board of Directors understand and endorse these commitments. Additionally, Sherritt publicly discloses its commitment to the VPs in its [Annual Sustainability Report](#) and on its [website](#).

2. *Engagement in the Voluntary Principles Initiative*

Throughout 2022, Sherritt has been actively engaging in VP initiatives, including participating in the VP Plenary in May, and attending VP Implementation presentations given by other Corporate Pillar members. Sherritt is also remaining up-to-date with development of the 2023-2026 strategy plan development and looks forward to the outcomes of this work.

3. *Transparency*

Sherritt's public annual Sustainability Report and website includes a section on operational management and approach to security and human rights. Sherritt also reports against the Global Reporting Initiative (GRI), which includes indicators on grievance mechanisms, registered grievances, security training and human rights. This information is available at sustainability.sherritt.com.

4. Promoting awareness of the Voluntary Principles within the organization

Sherritt's COREFCO refinery requires contractor, sub-contractor, and suppliers to review Sherritt's [Environment, Health, Safety & Sustainability](#), and [Human Rights Policy](#), including its commitments to VPs. In addition, the mandatory site safety orientation for all new employees and visitors, includes reference to Sherritt's commitments to the VPs.

Sherritt's [Raw Material Feed Supplier Code of Conduct](#) and [Responsible Production and Supply Policy](#) clearly requires mineral suppliers to align security management practices with the VPSHRs. A copy of the Code of Conduct and other relevant Sherritt policies and standards are provided to suppliers before any contracts are signed with the respective parties, and when supplier due diligence assessments are conducted, evidence of endorsement of these commitments is required.

Sherritt's direct engagement on the VPs with the Cuban state enterprise responsible for the provision of security at Sherritt's JV operations in Cuba was impacted by COVID-19 restrictions in 2022, which to some degree are still relevant, however it is our intention to resume this engagement in 2023.

5. Examples of promoting and advancing implementation of the Voluntary Principles internationally

As a means of promoting the VPs internationally, Sherritt publicly discloses its commitments to the principles in its Annual Sustainability Report, which is made available to the public and publicized through Sherritt's communication platforms (i.e., Sherritt website, Twitter, LinkedIn, investor presentations, etc.).

Sherritt's COREFCO refinery is a member of the Alberta Northeast Region Community Awareness Emergency Response Organization (NRCAER). This is a non-profit mutual aid organization composed of industry and municipal government entities who provide and promote safety and emergency response support initiatives. Through regular interactions and special presentations, Sherritt management promotes the adoption of the VPs and shares best practices with other members of NRCAER.

Sherritt promotes the VPs to international suppliers of Sherritt vis-à-vis distribution of its Raw Material Feed Supplier Code of Conduct, Responsible Production and Supply Policy, and its Human Rights Policy. Sherritt also references the Company's commitment to the VPs when responding to customer and industry association responsible sourcing surveys and questionnaires.

As a member of the Mining Association of Canada, Sherritt has committed to implementing a human rights and security approach consistent with the VPs. This

commitment is reflected in publicly available Towards Sustainable Mining company performance updates for the COREFCO refinery.

B. Policies, Procedures, and Related Activities

6. Relevant policies, procedures, and/or guidelines (or any changes thereto from the previous reporting year) to implement the Voluntary Principles

Sherritt's public commitments to the VPs are reflected in its [Human Rights Policy](#). The policy states that "Sherritt will ensure that the security arrangements for the company's operations respect human rights and are consistent with the Voluntary Principles on Security and Human Rights" and "Sherritt expects contractors, consultants, suppliers, and joint venture partners to share the company's human rights commitments".

This public commitment aligns with declarations and guiding principles from the United Nations and includes clear commitments to children's rights. The Human Rights Policy applies to all Sherritt operations in Canada and Cuba and it is communicated to all employees, contractors, consultants, suppliers, and joint venture partners. It is also included in applicable contractor and supplier contracts and agreements.

The Senior Vice-Presidents of each of Sherritt's operational divisions (i.e., SVP Metals and SVP Oil, Gas and Power, respectively) are accountable for providing the necessary management systems and resources to ensure full compliance with these requirements. Sherritt's Vice-President, Sustainability, is responsible for the maintenance and regular review of relevant policy and procedures. Human rights and security specific key performance indicators are tracked and regularly reported to Sherritt's senior management and Board of Directors.

7. Company procedure to conduct security and human rights risk assessments

As described above, the frequency for undertaking security and human rights risk assessments is determined according to the risk profile of each site. The risk profile of a site is determined using a set of criteria including, but not limited to:

- The host country's control of corruption;
- Local rule of law;
- Political stability; and
- If the operation is in a jurisdiction experiencing a conflict situation.

Sherritt has an internal Security and Human Rights Standard and additional procedures and guidance developed to operationalize specific elements of the VPs into Sherritt's internal security practices. This includes requiring all sites to complete a security and human rights risk assessment, and update these at a frequency scaled

to the risk-rating of each site. The sites are then required to establish a risk mitigation plan for each identified security and human rights related risk. As part of the security and human rights risk assessment, the sites must analyze both security risks to the Company (e.g. the level of crime and violence in the area of operation), as well as human rights risks to the rights holders (e.g. the history of abuse of human rights by security forces).

The most recent risk assessments conducted by the Company identified that Sherritt's Cuba-based operations fall into the 'moderate-risk' category, while its Canadian asset is in the 'low-risk' category.

In addition to Sherritt's own security and human rights internal policies and procedures at the Company's COREFCO refinery in Canada, all security staff must be licensed to function in that role by the Alberta Solicitor General. The licensing process requires security personnel to demonstrate awareness of all the rules of the law with respect to Human Rights.

8. *Company procedure or mechanism to report security-related incidents with human rights implications by public/private security forces relating to the company's activities*

All Sherritt sites are required to adopt the Company's Procedure for Reporting and Investigation of Security Related Incidents. The Procedure includes a classification of security incident levels (from levels 1-5, with 5 being the most critical). Allegations of human rights-related violations fall into incident levels 4 and 5 and require immediate notification to Security Management, the Site General Manager, Divisional Vice President, and corporate Legal Counsel and the Executive Leadership team. Host government authorities must be notified immediately in the case of a fatality, an injury, and/or property damage. Similarly, any allegation of a security and human rights violation involving public security on site must be documented and reported to authorities. All on-site incidents result in the generation of a report that serves as a formal record of the incident, the investigation, and corrective or preventive actions.

Additionally, Sherritt has a publicly available grievance mechanism on our [website](#). Employees may report security-related incidents or allegations with human rights implications to their immediate supervisor or Human Resources, or anonymously via telephone or electronic reporting mechanisms. External stakeholders can also report security-related incidents or allegations with human rights implications through Sherritt's local grievance mechanisms or through the same anonymous mechanism listed above. In 2022, there were no incidents or allegations of security-related incidents with human rights implications by public or private security forces.

At Sherritt's Cuban operations, there is a formal state-run system where citizens can

file complaints against an entity, organization, or enterprise whose activities they feel are adversely affecting their well-being. Commissions are set up to investigate grievances and develop action plans to address them. Any investigations of incidents or allegations are handled by the police. Management actively monitors the status of public security investigations by liaising directly with the local police authorities. This includes, pressing for their proper resolution and identifying actions that may improve site security operations. In 2022, Sherritt was not advised by its partners of any incidents or allegations of security-related incidents with human rights implications involving the operations Cuban security forces.

Interactions with Cuba's state security agency has been respectful of Cuban laws, Cuba's support for the U.N. declaration of human rights and other human rights standards. Sherritt's engagement with our partners has sought to incrementally improve the alignment of state institutions with the VPs to promote awareness and ensure accountability and respect for human rights as part of the operation.

9. Company procedure to consider the Voluntary Principles in entering into relations with private security providers

In Canada, the COREFCO site is licensed by the Alberta Solicitor General to operate a private security force. This security force is comprised of security licensed Sherritt employees, who oversee contractors from a private third-party security provider. In Cuba, security is provided by a state-owned security company, with management oversight.

Due to the various security arrangements of its sites, Sherritt has established procedures for entering into agreements with both private and public security. These procedures include specific contractual requirements, such as compliance with Company policies and procedures, relevant host country laws and regulations, international codes of conduct for law enforcement officials, and the VPSHR.

10. Company procedure or mechanism to address security-related incidents with human rights implications by public/private security forces relating to the company's activities

All grievances or allegations of a human rights violation involving public or private security personnel are reported to Sherritt's Corporate Legal Counsel who is responsible for executing the procedures within the grievance standard and can assign an external investigator to understand what occurred, what controls are in place, and what additional controls are needed to prevent a similar incident from occurring in the future. The outcomes are reported to the Board of Directors and appropriate corrective action is taken as required.

C. Country Implementation

11. *Overview of country operations selected for reporting*

Sherritt's Oil & Gas, and Power (OGP) operations in Cuba, the nickel and cobalt refinery in Canada (COREFCO) and mine in Cuba (Moa Nickel), are included as part of this report.

12. *Engagements with stakeholders on country implementation*

In past years, Sherritt has conducted engagement with the Cuban state agency responsible for public security to promote the implementation of the VPs in Cuba. In Canada, Sherritt's COREFCO refinery also engages regularly with the municipality of Fort Saskatchewan, local police, and the Royal Canadian Mounted Police (RCMP) regarding security arrangements.

13. *Voluntary Principles considerations in the selection of private security providers and formulation of contractual agreements with private security providers, as well as an arrangement with public security forces*

Due to the various security arrangements of its sites, Sherritt has established procedures for entering into agreements with both private and public security. These procedures include specific contractual requirements, such as compliance with Company policies and procedures, relevant host country laws and regulations, international codes of conduct for law enforcement officials, and the VPSHR.

In Canada, the COREFCO site is licensed by the Alberta Solicitor General to operate a private security force. This security force is comprised of security-licensed Sherritt employees, who oversee contractors from a private third-party security provider. A security staff (employees or contractors) must be licensed to function in that role by the Alberta Solicitor General. The licensing process requires security personnel to demonstrate awareness of local rules of the law with respect to Human Rights, which are consistent with the VPs.

In Cuba, security is provided by a state-owned security company, with management oversight. Full integration of VPSHR-related requirements into the working arrangement with the state-owned security provider in Cuba requires further engagement with the state-owned enterprise. Engagement activities will continue to be a business objective for Sherritt throughout 2023.

14. Examples of supporting outreach, education, and/or training of (i) relevant personnel, (ii) private security, (iii) public security, and/or (iv) civil society (e.g., local NGOs, community groups)

Sherritt's COREFCO refinery engaged with partner organizations of the Northeast Region Community Awareness Emergency Response (NRCAER). NRCAER is a mutual aid emergency response association which includes emergency management professionals, pipeline companies, chemical transporters, area municipalities, and the local public police. Weekly engagement meetings and knowledge exchanges were also held with the contract security firm.

Sherritt continues to have only a limited ability to influence the adoption of the VPs in Cuba by the state-owned security agency; however, Sherritt will continue to build awareness about the VPs with our Cuban partners and relevant authorities, as appropriate.

15. Company procedure to review progress on implementing the Voluntary Principles at local facilities

The indicators and relevant processes that have been developed to assess and address the company's implementation of the VPs include the following key performance indicators:

- Number of recorded incidents with the potential to affect social licence;
- Number of recorded security incidents, including thefts and attempted thefts;
- Number of reported grievances, including human rights, social, and community grievances;
- Number of hours of training, including security and human rights training;
- Number of meetings, including those with government or other stakeholders related to security and human rights.

Performance against these indicators is evaluated and reported internally on a quarterly basis, and reported publicly on an annual basis in Sherritt's sustainability disclosures.

D. Lessons and Issues

16. Lessons or issues from this reporting year, as well as plans or opportunities to advance the Voluntary Principles for the organization

Sherritt's is now in its ninth year of implementing the VPs in Canada. Overall, Sherritt is pleased with the uptake of this important initiative at the COREFCO refinery and consistent security performance and engagement in the VPs. Despite the low-risk of

security-related human rights issues in Canada, COREFCO has embedded VPs requirements into its operating system and continually makes improvements to its systems.

Promotion of the adoption of the VPSHR in Cuba remains challenging. Awareness building and efforts towards adoption are expected to continue to progress slowly. However, it is expected that Sherritt's integrated management system (i.e. implementation of standards based on both the Mining Association of Canada's Towards Sustainable Mining protocol "Preventing Child and Forced Labour" and the VPs), as well as increased customer interest in human rights are likely to create a more robust business incentive towards formal adoption of the VPs in Cuba. Sherritt remains committed to advancing implementation at its Cuba operations.