Supporting Growth and Development in Madagascar

2010
Vision and Values

Ambatovy’s Vision
Ambatovy will develop and operate a sustainable nickel and cobalt mining and processing enterprise that significantly contributes to the host country, delivers outstanding safety, environmental and social records, and generates attractive economic returns.

Values
Health and Safety
To create and maintain an organizational culture that holds health and safety as a top priority with a goal of “zero harm” to all personnel and host communities.

Social and Environmental Responsibility
To establish mutually beneficial stakeholder partnerships that respect social and cultural values and contribute to sustainable economic development, while maintaining the natural environment in all areas of operation.

Stakeholder Alignment and Support
To recognize the Project’s stakeholders, communicate with them proactively and effectively, and manage stakeholder-related risks as a means of cultivating a broad level of active support from all.

Good Corporate Governance
To foster credibility and trust by complying with principles developed to protect investors, employees, and the general public.

Honesty and Integrity
To establish and maintain high ethical standards and a spirit of transparency in all aspects of Ambatovy’s business.

Teamwork
To achieve Ambatovy’s vision through teamwork that is based on mutual respect, trust, and constructive relationships.

Continuous Improvement
To continually pursue ways to improve all key measurable performance indicators.

Project Delivery
To complete construction in a safe, timely, and fiscally responsible manner, and ensure that Ambatovy meets production targets once operational.

Creation and Sustainability of Shareholder Value
To generate significant returns on shareholder investment.

Map of Assets
Ambatovy at a Glance

Ambatovy is the largest capital project in Madagascar’s history. Once fully operational, it will have the annual capacity to produce 60,000 tonnes of refined nickel, 5,600 tonnes of cobalt, and 210,000 tonnes of ammonium sulphate fertilizer.

- Major components:
  - Mine Site located near Moramanga.
  - 220 km Pipeline to transport slurried ore for processing to the Plant Site near Toamasina.
  - Plant Site that will produce high-grade nickel and cobalt briquettes.
  - Construction/expansion of supporting infrastructure including port facilities, new roads, railway lines, a tailings dam, and power plant.
- Project lifespan: approximately 30 years (mining reserve life of 27 years).
- Partners:
  - Sherritt International Corporation of Canada.
  - Sumitomo Corporation of Japan.
  - Korea Resources Corporation of Korea.
  - SNC-Lavalin Incorporated of Canada.
- Expected investment costs: approximately $5.5 billion.
- Peak employment during Construction: more than 18,000 jobs.
- Total employment during Construction: more than 22,000 jobs.
- Expected employment during Operations: approximately 2,500; 85% Malagasy.
- Expected total job creation during Operations: approximately 15,000 direct, indirect, and induced jobs, supporting 65,000 to 75,000 family members.
- Schedule: initial production expected in 2012.

Ambatovy is positioned to be among the world’s largest lateritic nickel mining operations. It already contributes significantly to Madagascar’s gross domestic product (GDP) and will provide important revenue to the country for years to come. As Ambatovy will fully refine its products on the island, it will generate additional local benefits, such as technology transfer, quality employment, and greater economic returns. Ambatovy is committed to adding value within Madagascar, to ensure that the Malagasy people reap the rewards of their resources and labor.

Ambatovy expects to contribute tens of millions of dollars to Madagascar’s GDP. This will likely cumulate into billions of dollars in revenue for Government of Madagascar.

Highlights of Ambatovy’s social and environmental investments include:

- Specialized training to enable Malagasy to fill highly skilled Operations positions in the future.
- World-class environmental management and conservation programs aimed at ensuring no net loss of biodiversity – and striving for a net gain.
- An off-site biodiversity offsets area of 6,800 ha of endangered forest.
- On-site conservation zones of 4,900 ha including two areas of azonal forest overlying part of the ore body.
- Long-term commitment to improve the standard of living of resettled villagers through multi-faceted socio-economic investments and development programs.
- Improvements to rural roads and infrastructures that provide communities with better access to markets and services.
- Local business support through mentoring, training, and capacity building to improve the quality of local products and services, as well as the companies’ internal and financial management systems.
- Creation of a supply chain that offers local entrepreneurs and businesses opportunities to provide goods and services to meet Ambatovy’s ongoing needs.

1 The exact amount of government revenue is difficult to forecast due to the fluctuating market price of nickel and cobalt, the variable cost of input commodities (such as coal, limestone, and sulphur), inflation, and other factors.
Nickel
Nickel is the world’s fifth most common element and was formed billions of years ago in supernova explosions.

Properties
Nickel is a heavy, silver-colored metal. Its principal value is its resistance to corrosion and oxidation, and excellent strength and toughness at high temperatures. Nickel’s ability to combine with a wide range of metals places it at the forefront of metallurgy, the art and science of extracting metals from their ores and modifying them for use.

Main Uses
Nickel is used in hundreds of thousands of products, the majority of which are encountered in our everyday lives. Nickel’s main application is the production of stainless steel, which accounts for approximately two-thirds of worldwide nickel consumption. Stainless steel that contains nickel is extremely strong, resistant to corrosion, long lasting, maintenance-free, and flexible enough to be formed into different shapes. Applications of stainless steel, using nickel, are found in virtually all aspects of modern life including: construction, medical instruments and implants, aviation and aerospace, cutlery and other household goods and appliances, coins, rechargeable batteries, portable computers, communications technology, and many other things.

Once fully operational, Ambatovy will produce 60,000 tonnes per year, which represents about 4% of the current global supply.

Cobalt
Cobalt has many of the same properties as nickel including resistance to high temperatures and wear and tear.

Properties
Cobalt is a shiny, gray, brittle metal that looks much like iron and nickel. It is not a rare metal, however, its low concentration means that it is produced as a by-product of another metal and is normally associated with copper or nickel ores.

Main Uses
For centuries, cobalt has been used to add vivid blues to glass, glazes, and pottery. It is now used in hundreds of chemical, metallurgical, and industrial products including high-temperature, wear-resistant super alloys, catalysts, pigments, and electronics (particularly rechargeable batteries). Cobalt also has magnetic properties useful in certain recording devices, and for making metal alloys for electric motors and generators.

Once at full production, Ambatovy will produce 5,600 tonnes per year, representing approximately 9% of the current global supply.

Ammonium Sulphate
Ammonium sulphate is an agricultural fertilizer that is a by-product of the hydrometallurgical process used by Ambatovy.

Main Uses
Ammonium sulphate is an inorganic, highly water-soluble salt. It lowers soil pH and provides two major plant nutrients: nitrogen and sulphur. While ammonium sulphate is an excellent crop fertilizer, it should be used as part of a complete agronomic improvement plan. For maximum effect, phosphorous and potassium should be applied in conjunction with ammonium sulphate.

The worldwide use of fertilizer has increased steadily over the past three decades and is likely to continue to grow. As the agricultural sector develops in Madagascar, this may allow for significant future sales of ammonium sulphate within the country.
In addition to its initial $5.5 billion investment, Ambatovy anticipates that it will generate tens of millions of dollars in annual revenue for the Government of Madagascar over the life of the Project. The exact amount of revenue is difficult to forecast, due to the fluctuating market price of nickel and cobalt, the variable cost of input commodities (such as coal, limestone, and sulphur), inflation, and other factors. Ambatovy has already contributed more than $250 million to government revenue and to community investment initiatives.

- Taxes, royalties, duties, and other fees: once fully operational, Ambatovy expects to pay well over a billion dollars in royalties, taxes, and other direct payments to the Government of Madagascar. This revenue will help foster local and regional development.
- Direct investment: Ambatovy is making direct investments in impacted communities through social and environmental initiatives. More than $181 million has also been invested in lasting public infrastructure such as roads, bridges, and upgrades to the Port of Tamasina.
- Investment: Ambatovy makes social investments in the areas of health, education, minor infrastructure, small-business development, and agriculture.
- Gross Domestic Product contribution: Ambatovy expects to provide tens of millions of dollars a year in direct payments to the government. In addition, job creation, spinoffs for local business, and investments in infrastructure, training, education, small-business development, and healthcare will all result in a positive and significant contribution to the country’s GDP – going well beyond the direct payments to the government.
- Job creation: more than 18,000 jobs were created during the peak of Construction. Approximately 15,000 direct, indirect, and induced jobs will also be created during Operations.
- Small, medium, and micro enterprises: more than 500 local companies have been awarded purchase orders across 54 sectors (as of December 2010).
- Cumulative in-country expenditures: over $1 billion (as of December 2010).
- Other benefits: in addition to the large-scale capital investment, job creation, and business stimulus created by Ambatovy, Madagascar will benefit from foreign-exchange earnings, contributions to economic growth rates, external trade, and the manufacturing industry’s gross output.
Job Creation

Ambatovy is creating direct and indirect jobs, which provide a major stimulus to the local economy. As in all mining projects, employment needs peak during Construction. However, thousands of long-term jobs will also be created during Operations.

Ambatovy’s job-creation highlights:

- Peak employment during Construction reached more than 18,000 workers directly onsite – as well as nearly 8,000 indirect jobs.
- Initial production is expected to commence in 2012 and last at least 27 years, employing approximately 2,500 people; 86% of whom will be Malagasy.
- Thousands more indirect and induced jobs will be created in related sectors such as transportation, food production, maintenance, renovation, and waste management.
- A databank established in 2008 has more than 28,000 registered local job seekers – categorized according to their skill set.
- Provision of vocational training, using industry-leading practices, will offer greater employment opportunities for local populations. After training and capacity building, local candidates who meet the necessary requirements will be given priority to fill long-term skilled positions in Operations in the following areas: plant operations, engineering, health and safety, environment, finance, administration, external affairs, maintenance and logistics – and potentially others.

Demobilization Support

Ambatovy is transitioning from Construction to Operations during which time the vast majority of workers recruited for Construction will see their contracts come to an end. This is typical of any large-scale construction project as the workforce has been aware for some time. Ambatovy has developed a demobilization program to accompany its Malagasy workforce through this period. Establishing such a program is not a legal obligation; Ambatovy has done so as a responsible member of the community that feels indebted towards those who contributed to Construction.

Key initiatives include:

- Establishment of the Ambatovy Redeployment Center (BRMO, in French). The first center was inaugurated in Toamasina in May 2010, and was followed by a second one, which was opened in Moramanga in November 2010. The BRMO assists demobilized Malagasy workers to get access to new jobs, specialized training, or other income-generating activities through the Ambatovy Local Business Initiative (ALBI).
- ALBI is overcoming major challenges associated with long-term unemployment in areas near Ambatovy sites through a range of initiatives including: local purchasing, manufacture of uniforms, recycling, pallet production, agricultural training, central purchasing centers, and BRMO among others.
- To support the region of Atsinanana and the district of Moramanga, Ambatovy, in collaboration with the Ministry of Labor, contributed to the renovation of Regional and District Employment Offices, which focus on job placement for the local population and assisting local businesses to meet their hiring needs.
- In recognition of Construction workers’ contributions, Ambatovy has also launched the Assistance Initiative for Demobilized Workers (AIDE, in French). Ambatovy will provide these former employees with a minimal allowance over several months to assist them while they search for new jobs.

Future Plans

- Continue to work towards establishing a standard of excellence for specialized technical training in order to maximize employment opportunities for the people of Madagascar – especially those from areas near Ambatovy sites.
- Support former workers interested in establishing their own business initiatives by promoting access to credit, land tenure, and market research.
Ambatovy is committed to maximizing national employment and developing a highly skilled local workforce. Thousands of Malagasy employees have received construction, technical, and administrative training. Investing in such programs ensures that Malagasy workers and managers will be able to assume positions of progressively increasing responsibility during the Operations phase.

Ambatovy’s Training Department has taken a hybrid approach that combines self-taught training, computer-based learning, and traditional instructor-led classes. Through this approach, employees can continually develop skills on the job, allowing for significant professional growth.

Specialized training for Operations and Maintenance:

- Ambatovy’s Training Center was inaugurated in Toamasina in 2010. The Center has a large, fully equipped workshop for both Operations and Maintenance training. All operators are instructed by highly skilled Malagasy engineers, who were previously trained by Ambatovy’s expatriate technicians. Maintenance subjects are taught by technical experts from Canada. These courses help transfer skilled trades to the local workforce, endowing employees with the necessary knowledge to become electricians, millwrights, pipelayers, welders, instrument technicians, boilermakers and planners. Courses consist of six to eight months of technical training, followed by additional courses related to health and safety practices, language skills, information technology (IT), and on-the-job learning.

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Training facilities and programs:

- The Training Department has a team of 35 professionals comprised of trainers, sector-training coordinators, and training advisors. Ambatovy provides employees with the opportunity to further develop their knowledge and skills through extra-curricular courses such as language training, IT classes, customer-service training, etc. Many personnel have already received planning training, which will help them step into management roles in the future.

- In early 2011, Ambatovy launched its Technical Excellence Program, a training initiative aimed at young adults from the Toamasina area. The course consists of 18 months training and a two-month internship. It was created for graduates, aged 17 to 22, from technical colleges in the region of Antananarivo. At the end of the course, graduates are expected to gradually replace foreign workers. A similar initiative is under development in the Moramanga area. Between 2011 and 2015, Ambatovy plans to train 219 operators for work at the Plant Site.

- Health and Safety (H&S) training:

  - Employees are required to complete general training on the following subjects: H&S, first aid, environmental rules and regulations, labeling of hazardous material, safety documentation, and firefighting. Seventy percent of Operations personnel had completed all H&S modules by the end of 2010. When appropriate, community members also receive H&S training.

  - Ambatovy recently implemented an environmental policy governing industrial H&S. Ambatovy is committed to working towards Occupational Health and Safety Assessment Series (OHSAS) 18001 certification for its safety management system. OHSAS 18001 is the highest international standard for occupational H&S – Ambatovy aims to have this standard in place in 2011.

Future Plans

- Develop capacity-building initiatives that provide vocational skills training to technical college teachers in Moramanga and Toamasina.

- Collaborate with technical institutes in Moramanga and Toamasina to offer short-term internships for students.

- Construct an H&S simulator that will provide employees with the appropriate facilities for comprehensive H&S training across several work-related dimensions: confined spaces, working at heights, rescue, and “lockout tag out.”

Ambatovy – Supporting Growth and Development
Improving Transportation Infrastructure

Prior to Construction, Madagascar had little of the infrastructure required by a project of Ambatovy’s size. In fact, construction activities began with virtually no supporting roads or utilities – making Ambatovy one of the largest “greenfield” mining projects underway anywhere in the world.

Ambatovy has made a substantial investment in infrastructure that will benefit the public for years to come. Additional efforts include:

- Reducing isolation: approximately 100 km of public access roads and bridges have been built or upgraded – including rural areas. As a result, 11 rural communities now have improved access to markets and social services. Some of these roads, which had been closed since 1969, now have bus service for the first time. The public-use roads were paid for by Ambatovy and represent a lasting asset for these communities.

- Avoiding sensitive areas: Ambatovy has a strict policy for planning the exact location of roads to ensure minimal impact on the environment, cultural sites, and farmland.

- Bypass roads: one at the Mine (16 km) and a second at the Tailings facility (10 km) were built for safety and security reasons and to provide needed access to local populations. A new road (11 km) that links the Port to the Plant is helping to reduce traffic congestion in Madagascar’s most important port city.

Upgrading the Port of Toamasina

Ambatovy has invested in upgrading the Port facilities in Toamasina. In addition to extending Pier B to include a fuel terminal, Ambatovy has also installed state-of-the-art equipment to facilitate the off-loading of raw materials for transportation directly to the Plant Site. Once Ambatovy is in full production, an annual average of 3.4 million tonnes of bulk raw materials will be brought in through the Port. Over $70 million has been invested in the following Port-related infrastructure:

- Increased capacity: the 234 m extension to Pier B and purchases of heavy equipment will increase the Port’s capacity and enhance its standards. These modernizing investments will last at least 50 years, serving well beyond Ambatovy’s own needs.

- Environmental standards: modern Port upgrades will ensure a safer, cleaner transfer of energy products from tankers and bulk primary materials from cargo ships. Prior to any Port construction activity, Ambatovy conducted extensive dust modeling studies to determine and verify safe breathing levels based on air dispersion, particle size, and the equipment to be used. Ambatovy’s new infrastructure at the Port has been designed and equipped with the latest protection systems to monitor emission levels.

- Railway improvements: an entirely new 12 km railway line was built in parallel to an existing line to create the capacity needed to move commodities efficiently between the Port and the Plant Site. Madagascar’s railway company, Madarail, will operate and maintain the new line and rolling stock. Appropriate safety measures and railway crossing systems have been installed for pedestrians and road traffic.
Ambatovy is committed to supporting local business both now and in the future. It has fast become one of the largest consumers of products and services in Madagascar. The Ambatovy Local Business Initiative (ALBI) was created to fulfill Ambatovy’s “buy locally, hire locally” policy. To this end, ALBI works closely with Purchasing, Supply and Contracts Services to identify local companies capable of responding to company and market needs. By maximizing local procurement, Ambatovy provides a much-needed impetus to the Malagasy economy and entrepreneurs. Ambatovy had signed more than $1.2 billion in local contracts by the end of 2010.

ALBI provides support to local businesses and entrepreneurs through training, mentoring, and capacity building programs. Ambatovy expects that, thanks to the work of ALBI, these businesses and individuals will be better able to improve the quality and competitiveness of their products, giving them a leg up in local markets. Another of ALBI’s key mandates is creating employment opportunities for the local population. Key highlights include:

- More than 500 SMMEs across 54 sectors have been given purchase orders by Ambatovy.
- ALBI has more than 2,000 local businesses registered in a database used by Ambatovy and its sub-contractors.
- Since 2008, Ambatovy has provided local SMMEs with more than 4,000 hours of mentoring and 5,700 hours of technical training in accounting, project management, leadership, quality control, contract administration, procurement, environment, health and safety, industrial relations, change and growth management.
- In 2010, Ambatovy gave more than 11,500 hours of training at its Agricultural Training Center to former employees and people living in areas affected by Ambatovy activities.

Future Plans

- Continue to update the database of local businesses.
- Work alongside new and growing local businesses to develop their competencies across the board.
- Offer ongoing mentoring, training, and support services to local SMMEs.
- Continue to maximize local procurement.
Assisting in Agricultural Development

Various initiatives have been launched to support agricultural production in Project areas. Farmers receive advice and technical support on how to improve their fruit and vegetable, and livestock products. In addition, farmers are linked to bulk purchasing centers that provide produce for Ambatovy’s catering service and assure quality control. Rural farmers now benefit from increased sales and revenues.

Some highlights include:

- **Supporting local farmers:**
  - The Agricultural Training Center has been operational since June 2010 to help interested demobilized workers and rural populations impacted by Ambatovy activities to improve their skills and knowledge regarding small-scale agribusiness. Located in Toamasina, the CFA offers courses in agriculture, livestock, accounting, and business administration. The CFA trained more than 900 people (40% women) by the end of 2010 and plans to train an additional 6,000 farmers over the next three years.
  - Ambatovy has contributed to the creation of three bulk purchasing centers, two in Toamasina and one in Moramanga. An estimated 5,000 farmers from the regions of Atsinanana and Alaotra Mangoro, the majority of whom are women, and 3,000 from other parts of the country gain steady income by supplying these centers with 125 tonnes of fruit and vegetables per month.
  - Numerous local producers supply Ambatovy with eggs and poultry. At the height of Construction, Ambatovy was purchasing 60,000 eggs and 6,000 chickens per week.

- **Reducing isolation, improving market access:**
  - Access roads along the Pipeline have improved rural farmers’ access to markets.
  - Ambatovy has built village markets for people living in Project areas, including the Resettlement Villages. A new covered market has also been built in Toamasina providing neighboring residents with a safe area to buy and sell local products.

Future Plans

- A second CFA will open in the Moramanga area in 2011 to cater to the high number of locals already registered to receive training.
- Once fully operational, Ambatovy will produce 210,000 tonnes of ammonium sulphate fertilizer per year. Research and testing of fertilizer blends in Madagascar are currently underway. Local farmers will be educated on the proper use of fertilizers to increase crop yields and forest rehabilitation.
- Assessments are underway to determine the viability of establishing greenhouse vegetable production facilities.
To facilitate Construction, Ambatovy had to resettle villagers living in the vicinity of the Tailings and Plant site to appropriate, nearby parcels of land. This was done in strict adherence to the Equator Principles, the World Bank Group’s International Finance Corporation Performance Standards, and guidelines set by Madagascar’s national regulatory body. Ambatovy worked for many years in collaboration with local stakeholders to gain their trust and acceptance for this process.

Between 2007 and 2008, two Resettlement Villages were established: Vohitrambato and Marovato. Ambatovy built 296 new houses in these villages. Villagers were able to select their preferred housing model and each household received a parcel of land for agriculture and grazing. One hundred and fifty hectares of flat, arable land were also provided for rice production. An additional 47 hectares was allocated and prepared for vegetable gardens and fruit trees.

With the resettlement phase completed in 2008, Ambatovy has since been active in these villages implementing a comprehensive social development plan. This plan was established using participatory processes, aimed at sustainably improving the quality of local life. The new villages are growing and progressing well – newlyweds are building new homes, fields are being cultivated, and schools are active – adding to the growth and dynamism of these communities.

- **Food security and agricultural improvement:**
  - Ambatovy offers agricultural extension services, tools, and seeds as a way of improving livelihoods, which are traditionally based on agriculture.
  - Ambatovy’s programs follow a diversified approach to agriculture, working with villagers to implement short-cycle subsistence crops, market gardening, perennial crops, and forest production.
  - Ambatovy has already seen the benefits of the agricultural extension program. By 2010, Ambatovy was no longer providing the villages with the majority of inputs. There has been a marked increase in agricultural production and domestic composting for fertilizer.
  - To complement agricultural activities, Ambatovy is working with a local non-governmental organization to improve village nutrition. Cooking demonstrations and nutritional education are given to adults and local fifth-grade students, who are often responsible for cooking while their parents are at work.

- **Community healthcare:**
  - A community health center was built in Vohitrambato. It is fully functional with a doctor and a midwife.
  - In May 2010, Ambatovy financed a mass dental campaign that brought specialists from Tampavaka’s University Hospital to the villages. In addition to dental work, these specialists conducted a dental hygiene awareness campaign with school children and distributed toothbrushes.
  - Twenty-nine residents have become volunteer health promoters, thanks to training provided by Ambatovy. They now educate community members on common illnesses, reproductive health, general hygiene, HIV/AIDS prevention, and routine vaccinations.
  - By October 2010, 73% of children under five had completed their vaccination schedule on time. This is a positive development, as prior to resettlement none of the children had completed their routine vaccinations.
  - In line with health-promotion activities, water pumps that provide clean drinking water have been installed together with numerous sanitation facilities throughout the Resettlement Villages.

- **Working towards education for all:**
  - A primary school was built in Vohitrambato. Marovato families were resettled within a short distance from their original local school. Prior to resettlement, school enrollment throughout both villages was a mere 33%. In 2010, enrollment reached 85% at the new school in Vohitrambato and 100% in Marovato.
  - Ambatovy is progressively transferring the administration of the Vohitrambato school to the community. By 2010, qualified authorities had taken responsibility for teachers’ salaries and Ambatovy instituted a monthly bonus program as an incentive for teachers.
  - Two pre-schools were established in 2009 and have already proven successful: the director of the Ampasimbiaka School, where the Marovato children go, noted that first graders who had completed pre-school were more attentive, curious, and participative than those who had not.
  - Ambatovy also supports adult literacy, French-language training, and other extra-curricular activities at these school facilities.

- **Institutional capacity building:**
  - In 2010, Ambatovy began working with the communities to create Village Associations, which will enable a progressive transfer of community management to the villagers themselves.
  - A gender empowerment program was expanded in 2010 to include both men and Women.

- **Promoting entrepreneurship:**
  - Ambatovy has implemented various economic development programs aimed at increasing commercial networks and promoting the sale of local produce.
  - Fifty-seven Vohitrambato women also participated in an arts and crafts training program. Classes included sewing, embroidery, needlepoint, and batik. Production, and sales. This training was aimed at improving the quality of traditional and modern handicraft products.
  - Since 2009, a local microfinance institution has been conducting a financial education program that covers basic financial management and entrepreneurship. The program also teaches residents how to save, invest, and fulfill credit requirements.
  - To increase financial stability and access to credit, Ambatovy is in the process of securing legal land titles for all the resettled households. The first deeds are expected to be ready in 2011.
Addressing Social Impacts

Large-scale mining projects, if not properly managed, can have adverse social impacts on local communities. Common problems include: inflation, a spike in migration, increased vehicular traffic, and the proliferation of prostitution, sexually transmitted diseases (STDs), and alcohol abuse. Ambatovy endeavours to address these risks proactively and collaboratively through meaningful stakeholder engagement and regular communication. In 2010, important efforts were made to counteract the following issues:

- Avoiding inflation:
  - Regular analyses of the price of essential products in local markets are conducted near Project sites. These studies, along with national statistics, help ensure Ambatovy develops effective strategies to avoid and mitigate inflationary pressures. In 2010, the inflation rate in Toamasina was 1.75% below the national average.
  - The Ambatovy Local Business Initiative (ALBI) has put in place three bulk purchasing centers to source directly from producers. This means that the local market does not experience exceptional demand or the resulting pricing pressure.
  - Housing for staff is provided to mitigate inflation in the housing and rental market near Ambatovy sites.

- Reducing migration:
  - Recruitment processes encourage local applicants, with the necessary competencies and skills, to apply for vacancies which reduces the influx of migrant workers.
  - Ambatovy has also established Redeployment Centers in Toamasina and Moramanga to help demobilized workers find new income-generating opportunities.
  - To support the region of Alapanana and the district of Moramanga, Ambatovy, in collaboration with the Ministry of Labor, contributed to the renovation of the Regional and District Employment Offices, which will benefit local job seekers and organizations with hiring needs.

- Respecting cultural sites:
  - Ambatovy has a team of archaeologists that surveyed cultural heritage sites prior to Construction to ensure they were not impacted by Project activities. Whenever this was not possible, strict protocols were followed for translocation. Disruptions have been minimal.
  - In mid-2010, Ambatovy’s archeology team began digitally cataloguing artifacts they discovered. By the end of 2010, nearly 30% had been catalogued.

- Code of conduct:
  - At the start of Construction, a code of conduct was introduced for expatriate personnel that governs behavior with respect to the local culture, environmental protection, personal behavior, and other core values. In 2008, a Project-wide version of this code was developed and all staff (national and expatriate), including contractors, have since been required to adhere to it. The latest version includes Ambatovy’s zero tolerance for issues such as:
    - Prostitution and sexual exploitation.
  - The code includes confidential reporting mechanisms and disciplinary procedures.
Addressing Social Impacts (continued)

Preventing HIV/AIDS and other STDs:
- Ambatovy is committed to its workplace policy on HIV/AIDS and regularly promotes awareness-raising activities led by an internal committee.
- Prevention programs are in place at all Ambatovy sites – peer education, information sessions, confidential testing, and condom promotion and distribution are carried out according to mining sector good practices.
- Partnerships with specialized agencies are in place to help provide awareness on HIV/AIDS and STDs.
- In December 2010, Ambatovy coordinated World AIDS Day events in three urban centers: Toamasina, Moramanga, and Antsirabe, reaching more than 20,000 people.

Traffic safety:
- Ambatovy has built bypass roads and other infrastructure to reduce traffic pressure in Moramanga and Toamasina.
- Communities next to completed access roads are educated on road safety through signage and village visits.
- Ambatovy, in conjunction with the national rail company, Madarail, has been proactive in raising awareness about safety along the rail line between the Plant Site and Port through public consultations, door-to-door information distribution, and multimedia presentations in local schools and churches.

Future Plans
- Reinforce how to avoid or reduce negative social impacts in the induction program for all newly recruited personnel.
- Build on efforts to further minimize the potential proliferation of HIV/AIDS, STDs, inflation, and traffic congestion.
- Develop programs to educate school-aged children on safety issues specifically relating to rail crossings, while continuing to collaborate with Madarail on awareness building concerning train safety, mechanics and benefits for the community.
Madagascar is a biodiversity-rich country with high levels of endemism (most of the plant and animal species occur nowhere else on Earth). Ambatovy’s Mine is located within a species-rich region of Madagascar at the southern end of the remaining Eastern Forest Corridor. Madagascar is also one of the world’s poorest countries, in which local people are highly dependent on natural resources for their livelihood. These factors combine to create a challenging context for a large mining operation.

To meet this challenge, Ambatovy has developed interrelated environmental and social policies that aim to ensure no net loss, and preferably a net gain, of biodiversity while ensuring socioeconomic benefits for local populations.

To deliver on these policies and offer outstanding environmental results, Ambatovy will:

- Put in place adaptive, state-of-the-art environmental management plans to ensure compliance with the highest national and international standards throughout all phases of the Project (Construction, Operations, and Closure).

- Avoid, minimize, and mitigate environmental impacts and compensate for residual impacts through the implementation of a multi-faceted biodiversity offsets program.

- Anticipate and manage environmental risks through stakeholder engagement, public information and consultation, transparent communication, and adaptive management to address emerging environmental issues.

Environmental Management Plan

As a responsible mining enterprise, Ambatovy adheres to stringent environmental standards including the Equator Principles, the World Bank Group’s IFC Performance Standards and the principles of the Business and Biodiversity Offsets Program (BBOP). Ambatovy’s Environmental Management Plan (EMP) provides the framework that ensures that all issues identified during the Environmental and Social Impact Assessment (ESIA) are addressed through appropriate mitigation and monitoring.

Ambatovy works in close collaboration with the Malagasy regulator, the National Environment Office (ONE, in French), which must approve all environmental plans for implementation. Mitigation measures, together with strict monitoring systems, ensure that impacts are minimized. Land mined by Ambatovy will be progressively reclaimed and planted with replacement forest to restore ecosystem services. Noise, air, water, soil quality, and biodiversity are monitored on an ongoing basis.

Minimizing the Impact of the Pipeline

Ambatovy’s environmental program aims to collaborate with the government and local NGOs to enhance forest connectivity in targeted areas of the Ankaranhy-Zahamena corridor that are impacted by the Pipeline. A contract to rehabilitate 100 ha of this corridor has already been awarded to an NGO and restoration activities are well underway.

- The Pipeline avoids native forests wherever possible and only passes through near-primary zonal forest within the first two km of the Mine Site. This loss of zonal forest will be offset in the near future as the forest is rehabilitated and residual impacts are accounted for in the biodiversity offsets program.

- During the rest of its route, the Pipeline avoids forests and protected areas by routing through old slash-and-burn patches or passing underneath expansive waterways and unavoidable forest fragments, using the latest technologies such as horizontal directional drilling (HDD).

After Construction, forest connectivity in specific areas will be re-established through targeted reforestation activities aimed at linking and integrating the remaining forests into a fully functioning ecosystem.
Mine Site Conservation

The Mine Site is located in a biodiversity-rich area and requires extreme care to minimize impacts.

- Forest and forest connectivity: Ambatovy has undertaken the management of large forested areas as biodiversity offsets. These include forests around the Mine area known as the Mine conservation forests, other sites contiguous with the Mine conservation forests, and a large forest offset area called the Ankerana offset. The conservation forests around the Mine consist primarily of ‘zonal’ or dense humid mid-altitude forests typical of the region amounting to 4,900 ha. Conservation of these forests is underpinned by a land lease awarded to Ambatovy by the Government, which grants Ambatovy the mandate to manage the forests effectively.

- ‘Azonal forest’ sites: two areas of atypical forest – known as azonal forest – lying over the ore body have been set aside to preserve examples of this habitat. These areas will not be mined despite the valuable nickel ore lying beneath them.

- Rehabilitation: Ambatovy will restore a multifunctional forest on the Mine’s footprint through progressive revegetation. The rehabilitation program has been designed in close consultation with local stakeholders. A ten-year rehabilitation plan is currently being implemented. An industrial-scale production nursery will be constructed in 2011 and operated as part of this plan, complimented by community nurseries. A research nursery, devoted to experimenting with a variety of species and cultivation methods, will help identify optimal conditions for successful rehabilitation.

- Analamay-Mantadia forest corridor: Ambatovy is spearheading the establishment of a forest corridor between Mine-area forests and a nearby rainforest – the Arkaniheny-Zahamena corridor.

- Torotorofotsy Ramsar wetland ecosystem: the Torotorofotsy wetland lies 10 km to the east of the Mine Site and covers 9,900 ha. Given its proximity to the Mine, Ambatovy is working with the Government of Madagascar and local NGOs to support the design and implementation of a comprehensive wetland management plan.
Protecting Biodiversity

Ambatovy is conducting targeted conservation management activities (biodiversity offsets), whose outcome is expected to result in no net loss to biodiversity and preferably a net gain.

The following key objectives are the foundation of Ambatovy’s biodiversity management program:

- No net loss of biodiversity, and preferably a net gain.
- No loss of species and no reduction in the viability of populations of endangered species.
- Minimized impacts on flora, fauna, and aquatic resources.
- Increased conservation of rare habitats.
- Priority habitat viability assured by maintaining or increasing ecosystem connectivity.
- Ambatovy’s biodiversity actions linked with regional initiatives.

To meet and surpass its requirements and commitments, Ambatovy is partnering with major conservation institutions and non-governmental organizations (NGOs) as well as local communities to implement all activities, thus contributing to environmental awareness, enhanced conservation efforts as well as scientific knowledge.

A Pioneering Biodiversity Offsets Program

Ambatovy’s biodiversity offsets program is being designed and implemented as a pilot project within the framework of the Business and Biodiversity Offsets Program, a voluntary partnership between companies and conservation experts that seeks to develop an international framework for the design and implementation of biodiversity offsets, particularly for use in developing countries lacking their own offsets policies and legislation. Other BBOP pilot projects are underway in Africa, Latin America, the Middle East, the U.S., and Asia covering a range of sectors including oil and gas, mining, tourism, and real estate.

Ambatovy’s offsets activities are designed to adhere to the BBOP principles and guidelines and produce quantifiable biodiversity and socioeconomic benefits. Sophisticated calculations are used to determine residual losses in biodiversity due to Ambatovy’s activities and the gains achieved by the offsets. Socioeconomic assessments are also made to determine the impact of offsetting on local populations and the scale of compensatory measures that may be required. Ambatovy’s offsets program is monitored in consultation with BBOP through the annual assurance framework meetings and with the support and guidance of experts associated with the program.

Scientific Consultative Committee

A Scientific Consultative Committee on biodiversity was established in 2009 and reflects Ambatovy’s commitment to environmental management and transparency. The Committee is made up of fourteen national and international, independent scientists renowned for their expertise in biodiversity, conservation, and environmental management.

The Scientific Consultative Committee convenes every six to twelve months to facilitate an external evaluation of Ambatovy’s implementation of the biodiversity management program and to make recommendations for the conservation of Madagascar’s unique biodiversity.
The Biodiversity Management Plan in Detail

Ambatovy has designed and is implementing specific conservation programs as part of its biodiversity management plan for targeted flora and fauna, including lemurs, critically endangered frogs and fish. These programs are based on an adaptive management approach, integrating any lessons learned during the Construction phase, to improve efforts and further reduce impacts.

Lemur Management Program

The goal of this program is to maintain lemur population viability in the Mine conservation forests. Malagasy technicians, using radio-tracking methodology, monitor lemur behavior both during and after forest clearing to determine whether the lemurs are able to migrate out of impacted areas and establish new viable home ranges over time. In 2007 and 2008, 209 individual lemurs of 11 species have been equipped with radio collars and continue to be monitored. State-of-the-art biomedical monitoring systems have been implemented to assess trends in animal health. Tree-top lemur bridges were installed over trails and roads cut for mining activities, thereby promoting habitat connectivity and allowing lemurs to move safely between these areas. A community-level bush meat assessment has helped evaluate local hunting pressures on wildlife and design suitable wildlife refuge areas.

Since 2009, a total of 35 newborn lemurs have been observed within Ambatovy’s conservation areas: six Indri indri (local name: babakoto), 14 Propithecus diadema (simpona), 11 Avahi laniger (fotsifé) and four Eulemur fulvus (varika mavo). Sixteen of these newborn lemurs came from groups that were displaced to the special refuge areas due to activities that affected their original habitat.

Amphibian and Reptile Management Program

This program ensures the continued viability of populations of amphibian and reptile species affected by Ambatovy. The main activities include carrying out pre-clearance species inventories and salvaging live animals to conservation forest refuge areas. Between 2007 and 2010, the program salvaged more than 14,000 reptiles (54 species) and amphibians (55 species). This program will continue until forest clearing operations have been completed.

In addition, Ambatovy has developed a specific conservation program for the Golden Mantella, Mantella aurantiaca (IUCN CR), which aims to ensure the continued viability of populations of this critically endangered frog. Ambatovy has supported regional surveys to identify the distribution of the frog and its critical habitats (in particular, breeding ponds and surrounding forest slopes) and is working with experts to identify the steps required to maintain viable populations in the Mine area. Mantella aurantiaca is a flagship species for Ambatovy’s conservation efforts.

Fish Management Program

The goal of the fish management program is to maintain the viability of populations of endemic fish within the Mine region and in water courses affected by construction of the Pipeline. Endemic fish species tend to be located in streams draining from catchments with intact forest and where barriers, such as waterfalls, prevent invasion by exotic species. The isolated and fragmented distribution of these endemic fishes makes them especially vulnerable to extinction (local extinction), requiring careful conservation of even the smallest streams. Pre-Construction surveys were conducted on the habitat of targeted fish species and aquatic systems in watercourses located at both the Mine site and along the route of the Pipeline. These surveys helped determine baseline conditions and outline environmental procedures for Construction. To minimize the impacts on aquatic systems, stringent mitigation measures were imposed on contractors during Construction. Endemic fish and their habitats continue to be monitored regularly in the Mine area and in water courses crossing the sections of the Pipeline where endemic fish species still occur.

Flora Management Program

Excavating the ore at the Mine Site requires forest clearing. Based on an extended botanical inventory, Ambatovy, with the help of the Missouri Botanical Garden, identified all plant species known only to exist on the Mine footprint and one or two other sites in Madagascar and categorized such plants as Species of Concern (SOC). For these SOCs, as a precautionary measure, Ambatovy developed a comprehensive ex-situ conservation program, including whole-plant salvaging, seed collection, plant propagation, and the development of living collections for progressive rehabilitation of the Mine footprint. In parallel, Ambatovy supported searches for viable SOC populations in Mine conservation forests. This search effort has resulted in the progressive reduction in the number of SOC species requiring ex-situ conservation. From an initial list of 173 SOCs, the number still requiring special salvaging has been reduced to 8 species and is anticipated to descend to zero as the ex-situ surveys continue.
Complying with Regulations and Standards

As the largest foreign investor in Madagascar – and one of the biggest mining ventures in all of sub-Saharan Africa and the Indian Ocean Region – Ambatovy has a duty to ensure that its safety, social, environmental, and production standards abide by the laws and frameworks regulating mining activities, both domestically and internationally.

Some of the major national and international regulatory standards that Ambatovy adheres to include:

**Environmental Management and Social Development Plan**
Ambatovy is committed to upholding stringent environment and social standards and complies with a comprehensive set of policies. Ambatovy’s PGEDS provides the framework to ensure that all issues identified during the ESIA are addressed through appropriate mitigation and follow-up.

- The environmental management plan, which ensures that Ambatovy’s activities minimize any residual impacts on the environment. The plan also includes the establishment of conservation areas and participation in other environmental programs.
- The social management plan, which guides Ambatovy’s relationship with local communities. The plan strives to minimize Ambatovy’s impacts on Malagasy society, while maximizing potential benefits for locals.
- The health and safety management plan, which defines the conditions and manner in which work must be carried out so that potential risks to the health and safety of Ambatovy personnel are minimized.

**Madagascar’s Large Mining Investment Act (LGIM, in French)**
Madagascar’s Large Mining Investment Act (known as LGIM in French) was developed with the support and assistance of the World Bank and endorsed by the Government of Madagascar in 2002. The LGIM defines the framework for developing and operating large-scale mining projects in Madagascar and provides for legal stability and financial incentives. Based on the LGIM framework, Ambatovy expects to pay well over a billion dollars to the Government of Madagascar in royalties, taxes, duties, and other fees over a period of approximately 30 years. The exact amount depends on multiple variables, including the market price of nickel and cobalt, the cost of input commodities (such as coal, limestone, and sulphur), inflation, among other factors.

**International Finance Corporation (IFC) Performance Standards**
The International Finance Corporation (IFC) helps companies and financial institutions in emerging markets create jobs, generate tax revenues, improve corporate governance and environmental performance, and contribute to local communities. The IFC’s main objective is to improve lives, especially for the people who most need the benefits of growth.

Ambatovy’s US$2.1 billion lending agreement with a consortium of international development banks, export credit agencies, and commercial banks stipulates that Ambatovy must adhere to the IFC Performance Standards. Ambatovy’s compliance is audited regularly by third-party experts who represent the lenders.
Complying with Regulations and Standards (continued)

Equator Principles
The Equator Principles are voluntary standards obliging signatory banking institutions to take into account social and environmental criteria in the large-scale projects they finance. Presented in June 2003, these principles respect the standards promoted by the IFC and form the basis of responsible financing.

The Equator Principles require an evaluation of environmental impacts of high-risk projects and, in certain cases, a management plan that addresses socio-economic impact, environmental protection, human rights, and working standards among other issues. Ambatovy’s project-financing agreement requires that it adhere to the Equator Principles. Independent engineers representing the lenders regularly evaluate the company’s performance.

Mise en Compatibilité des Investissements avec l’Environnement
Mise en Compatibilité des Investissements avec l’Environnement (MECIE), a national decree referring to environmental compliance of investment projects in Madagascar, describes the obligation of mining investment projects to conduct an environmental and social impact assessment (ESIA), the need to hold a public audience during the environmental evaluation, the enumeration of the conditions and the process to obtain the environmental license within the framework of a mining project, as well as the establishment of a code of conduct and penalties for offenders.

Ambatovy received its environmental permit in December 2006, six months after the environmental and social impact assessment was filed.

Voluntary Compliance
Ambatovy has taken additional voluntary measures that go beyond any legal mandates. They will make superior safety, environmental and social results possible and include, but are not limited to:

- International Council on Mining and Metals Principles

  The International Council on Mining and Metals (ICMM) is an organization that was established in 2001 to act as a catalyst for performance improvement in the mining and metals industry. The ICMM brings together 18 mining and metals companies as well as 30 national and regional mining associations and global commodity associations. Ambatovy is not a signatory, but endeavours to apply the ICMM principles as a responsible practice.

- Extractives Industries Transparency Initiative

  The Extractives Industries Transparency Initiative (EITI) is a global initiative established in 2002 to promote transparency and support improved governance in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas, and mining (see page 39).

- Business and Biodiversity Offsets Program (BBOP)

  Ambatovy’s biodiversity offsets program is being implemented in conjunction with the Business and Biodiversity Offsets Program (BBOP), a partnership between companies, governments, and conservation experts to explore biodiversity offsets (see page 31).
Embracing Transparency

Commitment to Transparency
Ambatovy is committed to being transparent in everything it does and therefore discloses far more than is required by law. This policy makes it possible for stakeholders to have greater access to information, which, in turn, helps Ambatovy’s constituencies better understand its many activities and challenges.

Extractives Industries Transparency Initiative – Disclosure of Payments
In 2008, Ambatovy joined forces with the Government of Madagascar in its effort to become a compliant country in the Extractive Industries Transparency Initiative (EITI). EITI encourages companies, governments, and civil society groups to work toward the transparent disclosure of payments made by extractive industries to governments. EITI compliance also requires that governments disclose receipt of all such payments. Madagascar registered to become an EITI country in 2008. Ambatovy fully supports this initiative and takes part in collaborative meetings and transparency awareness campaigns together with the government, other mining companies, and civil society.

Government Relations
In addition to meeting all of the legal requirements for disclosure set by Malagasy authorities – such as the Ministry of Mines and Hydrocarbons and the National Environment Office – Ambatovy works closely with government counterparts at the local, regional, and national levels. Coordination and information-sharing activities include:
- Regional and national official committees – such as the Regional Coordination Committee of Atsinanana (Toamasina) – which regularly meet with Ambatovy representatives to discuss and address issues and opportunities.
- Regular monitoring visits to the Mine and Plant Site by government officials.
- In-depth meetings with local, regional, and national authorities to explain and discuss the effects of Ambatovy’s activities as well as its social and economic contributions to Madagascar.

Public Communication
Ambatovy’s Communication Department has developed a series of tools to inform a wide range of audiences about Ambatovy’s activities. These tools include ongoing interactions with rural and urban print and broadcast media, a website, brick-and-mortar information centers near operations, Mine and Plant Site visits for stakeholders, internal and external newsletters, brochures, flyers, posters, a sustainability report, highly visual presentations targeted at children and non-literate stakeholders, a series of topic-specific videos as well as road show presentations, Q & A sessions in isolated communities, town halls, and small group and individual meetings among other initiatives.

Material Disclosure
Any material disclosure is handled by Ambatovy’s partners – Sherritt International Corporation and SNC-Lavalin Incorporated of Canada, Sumitomo Corporation of Japan and Korea Resources Corporation of Korea – according to the financial regulations and laws of their respective countries.
Engaging Stakeholders

Ambatovy operates in a multi-stakeholder environment that involves all the individuals, groups, and organizations that have a stake in its activities. With transparency as an increasingly important dimension in all industries, Ambatovy values maintaining strong relations with its stakeholders, consulting them on decisions and opportunities, listening to their perspectives, and openly explaining the company’s position, practices, and results.

Ambatovy has undertaken a series of steps to engage stakeholders more effectively and support an environment of open communication and trust. Clear, regular, communication with all parties is fundamental to Ambatovy’s long-term success. Through emphasis on public consultation across all levels, Ambatovy aims to achieve and maintain a greater level of transparency, efficiency, sustainability, and public involvement in all areas where it is active.

The following graphic provides a summary of Ambatovy’s major stakeholder groups:

Ambatovy’s ongoing stakeholder engagement activities include:

- Participation in consultative committees comprised of elected officials, civil society, and/or subject matter experts.
- A quarterly road-show that travels the length of the Pipeline to inform and update thousands of people from dozens of small communities about Ambatovy’s activities, key issues, and matters of interest to them.
- Timely public responses to rumors and misinformation.
- Regular face-to-face meetings with local communities to discuss activities, resolve problems, and gain insights into specific issues.
- Information centers in Moramanga and Toamasina where the public can learn more about Ambatovy.
- Distribution of press releases, fact sheets, and updates to national and international media and stakeholders about newsworthy matters.
- The creation of a Grievance Management System to promptly address affected communities’ concerns and complaints.
- Continuous updating of Ambatovy publications and website.
a) Ambatovy relies mainly on foreign workers.  
False. To date, Ambatovy has created more than 22,000 direct jobs. As of December 2010, about 75% of these jobs were filled by nationals. Ambatovy has developed specific training programs and internal promotion initiatives to transfer skills and allow for professional development. Investment in such skills programs and initiatives will ensure that Malagasy employees assume key Operations roles in the future.

b) Ambatovy is the biggest threat to deforestation in the country.  
False. Ambatovy’s total Mine footprint is 1,800 hectares. Ambatovy has designated 4,900 ha as buffer zone forests around the footprint of the Mine for long-term conservation and multiple-use areas. To restore forest connectivity, Ambatovy has also invested in an off-site conservation area consisting of 6,800 ha of endangered forest 71 km northeast of the Mine Site – 2,200 ha for multiple use and 4,600 ha for core conservation. This forest area has similar ecological conditions to those found at the Mine Site. By comparison, the current annual loss of Madagascar’s residual eastern rainforest due to slash-and-burn agriculture, hunting and logging is approximately 14,000 ha.

c) Ambatovy produces radioactive cobalt.  
False. Nickel and cobalt are not radioactive. There is no radioactivity used anywhere at Ambatovy. Cobalt, however, can be transformed into radioisotopes for use in medical treatments. This will not be done by Ambatovy. The National Environment Office has conducted scientific studies to reassure the local population that any rumors concerning radioactivity are false.

d) Ambatovy is a major contributor to economic growth.  
True. Ambatovy’s $5.5 billion capital investment will support the country's economic growth, employment, foreign-exchange earnings, public revenues (through taxes, royalties, duties and other fees), and contribute to direct investments. The infrastructure that remains will provide a basis for more economic growth. The size and success of Ambatovy has the potential to draw other major foreign investors to the country. Public revenue could be in the billions of dollars over Ambatovy's lifecycle. More than 500 local businesses have contracts with Ambatovy across 54 sectors. Ambatovy has signed more than $1.2 billion in local contracts.

e) Ambatovy is mining gold and secretly exporting it to other countries.  
False. Ambatovy is not mining or producing gold. No gold exists in Ambatovy’s ore deposit. Once production starts Ambatovy will produce nickel and cobalt along with ammonium sulphate fertilizer.

f) There are no jobs in Ambatovy for people living in Moramanga or Toamasina.  
False. Ambatovy is committed to hiring locally. Ambatovy has made it a priority to recruit properly qualified candidates locally – especially from Moramanga and Toamasina – for nearby jobs. This commitment aims to maximize economic benefits for communities near Project sites.

g) Ambatovy has established a support program for demobilized workers.  
True. In line with being a socially responsible company dedicated to those who contributed to Construction, Ambatovy developed a program to assist former employees in their transition to other opportunities. Ambatovy established Redeployment Centers in Toamasina and Moramanga. These centers assist demobilized Malagasy workers get access to new jobs, specialized training, or other income-generating activities through the Ambatovy Local Business Initiative. Ambatovy has also launched the Assistance Initiative for Demobilized Workers. In recognition of Construction workers’ contributions, Ambatovy provides former employees with an allowance over several months to assist them while they search for new jobs.

h) Local farmers benefit from economic growth generated by Ambatovy activities.  
True. Thousands of farmers now supply the newly established bulk purchasing centers, which buy agricultural produce directly from the farmers and sell it to larger customers including Ambatovy. Farmers benefit from having access to a stable entity with which to do business.

i) Ambatovy is a threat to Madagascar’s unique biodiversity.  
False. Ambatovy adheres to national and international environmental standards including those outlined by the MECIE1, the International Finance Corporation and the Equator Principles. Ambatovy’s environmental program is also monitored for compliance by regulators from the Government of Madagascar, third parties who conduct periodic assessments for the lending institutions that provided Ambatovy with project financing as well as a Scientific Consultative Committee made up of national and international experts.

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1 MECIE – Mise En Compatabilite des Investissements avec l’Environnement, a national decree concerning environmental compliance for investment projects in Madagascar.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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<tr>
<td>ALBI</td>
<td>Ambatovy Local Business Initiative</td>
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<td>BBOP</td>
<td>Business and Biodiversity Offsets Program</td>
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<td>BRMO</td>
<td>Bureau de Redéploiement de la Main d’œuvre – Worker Redeployment Center</td>
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<tr>
<td>CA</td>
<td>Centrales d’Achat – Bulk purchasing centers</td>
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<tr>
<td>CFA</td>
<td>Centre de Formation Agricole – Agricultural Training Center</td>
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<td>EITI</td>
<td>Extractive Industries Transparency Initiative</td>
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<tr>
<td>GDP</td>
<td>Gross domestic product</td>
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<tr>
<td>H&amp;S</td>
<td>Health and safety</td>
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<tr>
<td>IBS</td>
<td>Impôt sur le Bénéfice des Sociétés – Tax on corporate profits</td>
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<td>ICMM</td>
<td>International Council on Mining and Metals</td>
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<td>IFBP</td>
<td>Impôt Foncier sur la Propriété Bâtie – Land tax on built-up areas</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IFT</td>
<td>Impôt Foncier sur le Terrain – Land tax</td>
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<td>IT</td>
<td>Information technology</td>
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<td>LGIM</td>
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<td>MECIE</td>
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<td>NGO</td>
<td>Non-governmental organization</td>
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<td>OHSAS</td>
<td>Occupational Health and Safety Assessment Series</td>
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<td>ONE</td>
<td>Office National pour l’Environnement – National Environment Office</td>
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<tr>
<td>PGEDS</td>
<td>Plan de Gestion Environnemental et de Développement Social – Environmental management and social development plan</td>
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<tr>
<td>SMME</td>
<td>Small, medium, and micro enterprise</td>
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<tr>
<td>SOC</td>
<td>Species of concern</td>
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