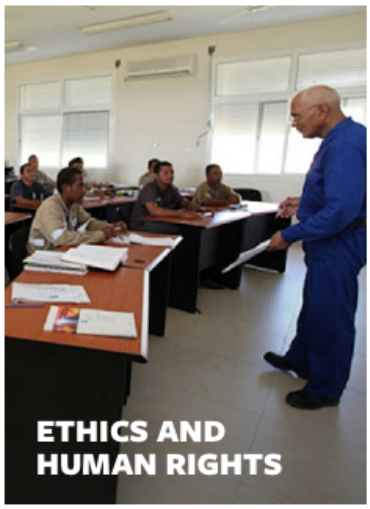
sherritt

2015 SUSTAINABILITY REPORT

FORT SASKATCHEWAN OPERATION

Sherritt International Corporation is committed to providing a safe and rewarding workplace, operating ethically, demonstrating environmental responsibility, engaging stakeholders and benefitting communities. We will meet or exceed the standards where we operate and continuously improve performance.



ABOUT THIS REPORT

CASE STUDIES

"For Sherritt, our commitment to sustainability has always been fundamental to the way we work. It is core to both Our Purpose as a company and the strategic priorities that will drive our growth over the long term. We will continue to build on our achievements in 2015, as we strive to be an industry leader in sustainability management and performance."

– David Pathe, President and Chief Executive Officer

Our 2015 Sustainability Report – which covers the period between January 1 and December 31, 2015 – describes Sherritt's sustainability approach and performance for the year. The report aligns with the Global Reporting Initiative's G4 Guidelines, which are considered to be industry best practice.

In lieu of writing a letter to stakeholders this year, our President and CEO shared his thoughts on sustainability in this video, which we encourage you to watch.

Video: http://sustainability.sherritt.com/2015/play?id=ceo

Our approach to running a sustainable mining and energy business is grounded in a deep commitment to our guiding principles, as outlined in Our Purpose and Our Promises:

Our Purpose

To be a low-cost nickel producer that creates sustainable prosperity for employees, investors and communities.

Our Promises

The principles that we incorporate into our everyday decision-making at both the corporate and operational levels include: integrity, agility, safety and sustainability, continuous learning and innovation, and shared prosperity.

OUR COMMITMENT TO SUSTAINABILITY +

GOVERNANCE +

SUSTAINABILITY FRAMEWORK +

MATERIALITY +

OUR COMMITMENT TO SUSTAINABILITY

Mining and energy companies use a range of terms to describe their approaches to:

- Ensuring the safety and health of their employees and communities
- Protecting the environment
- Interacting with a wide range of stakeholders
- Providing benefits to local communities
- Respecting human rights
- Establishing respectful and productive relationships with all levels of government
- Ensuring the survival of a viable business

At Sherritt, “sustainability” covers these interrelated and increasingly important aspects of our business.

We are committed to providing a safe and rewarding workplace, operating ethically, demonstrating environmental responsibility, engaging stakeholders and benefitting communities. We will meet or exceed the standards where we operate and continuously improve performance.

This commitment underpins our aspiration to be a recognized industry leader in sustainability management and performance.

GOVERNANCE

Our Board of Directors and management team are critical to carrying out our commitment to sustainability.

BOARD OF DIRECTORS

Our Board of Directors has delegated responsibility for sustainability-related matters to the Environment, Health, Safety and Sustainability (EHS&S) Committee of the Board. The Committee's mandate is to oversee, monitor and review sustainability policies, management systems, programs and performance.

Specific areas of focus for the Committee include environment, health, safety, security, crisis management, community development, stakeholder engagement, indigenous relations, government relations, business integrity, human rights, and employee engagement and development.

This Committee meets four times per year, visits all operations regularly, and receives information from corporate and operations management on a quarterly basis, or more often if required. The Committee Chairperson reports to the Board on significant issues. Refer to this link to review the full mandate of the EHS&S Committee.

MANAGEMENT STRUCTURE

In our Toronto head office, we have two sustainability-related roles at the management level: Director, Corporate Affairs and Sustainability (CA&S) and Director, Environment, Health and Safety (EH&S). The Director, CA&S is responsible for coordinating community relations, community investment, government relations, human rights and security, crisis management and the integrated enterprise sustainability management system. The Director, EH&S is responsible for health, safety and environmental matters. Reporting to our Chief Operating Officer (COO), both positions develop strategy and standards, oversee performance and reporting, and assist our operations in the identification and management of material sustainability aspects, issues and risks. They work closely with operations management to ensure a practical and coordinated approach to sustainability is in place across our business interests.

Each of our major operating businesses is led by a Senior Vice President (SVP), who also reports to our COO. The SVPs are accountable for all operational matters of their respective businesses, including sustainability. To ensure ongoing and timely management of this broad discipline, we have senior employees at each operation with responsibility for health and safety, security, environment, and sustainability functions. Specific site-level roles and team structures vary, based on the operating environment and related risks.

“My fellow EHS&S Committee Members and I had the opportunity to visit all of Sherritt’s operating sites in 2015. We are great believers in getting on to the ground to really understand the issues and complexities of each operation. These visits allow us to monitor progress, support and encourage management’s commitment to excellence in all aspects of sustainability, and identify opportunities for improvement, with particular emphasis on health and safety performance. From what I have seen firsthand, I am proud of the work Sherritt’s management team is doing to maintain and strengthen the company’s social license.”

– Tim Baker, Chair, Environment, Health, Safety and Sustainability Committee of the Board

SUSTAINABILITY FRAMEWORK

We uphold our commitment to sustainability through our sustainability framework, which provides a focused and practical approach to prioritizing sustainability issues, risks and opportunities, and to managing performance. The framework consists of a core commitment to sustainability and a series of issue-specific commitments, which fall under the four pillars below: Providing a Safe and Rewarding Workplace, Operating Ethically, Demonstrating Environmental Responsibility, and Engaging Stakeholders and Benefitting Communities. Our commitments are supported by an integrated management system that sets company-wide standards for planning, implementation, measurement, reporting and assurance of sustainability efforts.

PROVIDING A SAFE AND REWARDING WORKPLACE

HEALTH AND SAFETY

We are committed to zero harm. Zero harm means zero fatalities, no injuries and no work-related illnesses among employees and contractors.

PUBLIC SAFETY

Maintain public safety around our sites through effective risk management, active communication and ongoing community engagement.

REWARDING WORKPLACE

Provide a rewarding workplace that engages and develops our workforce, compensates workers competitively, and offers them exposure to world-class operations, projects, processes and people.

OPERATING ETHICALLY

BUSINESS ETHICS

Foster a culture and environment that support and require ethical conduct.

HUMAN RIGHTS

Operate our business in a way that respects human rights as set forth in the Universal Declaration of Human Rights.

DEMONSTRATING ENVIRONMENTAL RESPONSIBILITY

TAILINGS MANAGEMENT

Design and operate all tailings management facilities – throughout the mine lifecycle – to meet or exceed applicable regulatory and company standards.

BIODIVERSITY AND LAND

Achieve no net loss, or preferably a net gain, of biodiversity for greenfield projects and significant expansions of current operations; and practice progressive reclamation as part of normal operations at all mines, working with local jurisdictions.

WATER

Manage water responsibly by optimizing water use, addressing water-related risks to future operational viability and growth, and engaging communities on the use of, and impacts to, shared water resources.

ENERGY AND CLIMATE CHANGE

Monitor and track energy use and greenhouse gas emissions at each site and identify opportunities to reduce impact; and understand and mitigate the potential impacts of climate change on our assets.

ENGAGING STAKEHOLDERS AND BENEFITTING COMMUNITIES

STAKEHOLDER ENGAGEMENT

Engage stakeholders early on and throughout the asset lifecycle; and build enduring relationships based on mutual trust, respect and transparency.

TRANSPARENCY

Provide stakeholders with timely and accurate information on the impacts and benefits of our mining-related activities and management practices.

COMMUNITY BENEFITS

Contribute to a lasting improvement in quality of life in the communities where we operate.

MANAGEMENT SYSTEMS

While Sherritt's divisions historically developed their own management systems to address sustainability, we are now moving towards an enterprise-wide approach. This shift involves developing an integrated system that consists of a series of sustainability standards for the entire company. These standards are developed collaboratively with the corporate office and the divisions. Given the innate differences of the operating environments in Canada, Cuba and Madagascar, the divisions are afforded flexibility in the way in which they implement these standards.

Specific requirements in the standards reflect our experience, our risk profile and industry best practice. We endeavour to align with the requirements of the Mining Association of Canada's (MAC) Towards Sustainable Mining (TSM) protocols. (Since we do not have any mining properties within Canada, we have elected not to be a MAC member at this time, which is why we do not report externally on TSM conformance.) As a member of the Voluntary Principles on Security and Human Rights (VPSHRs) Initiative, we are working to apply the Principles at our sites. We are also a Supporting Company of the Extractive Industries Transparency Initiative (EITI), the requirements of which we apply in Madagascar, an EITI Candidate Country. Our approach to crisis management is informed by the Incident Command System (ICS) and the United Nations' Awareness and Preparedness of Emergencies at the Local Level (APELL) Programme. In Madagascar, our biodiversity management program aligns with the principles of the Business and Biodiversity Offsets Programme (BBOP).

We are carrying out a multi-year plan to develop and implement the following corporate standards for sustainability management:

- Air Management
- Anti-Corruption
- Biodiversity and Land Management
- Community Investment
- Crisis Management
- Energy and GHG Emissions
- Fatality Prevention
- Grievance Management
- Health and Safety
- Indigenous Relations
- Mine Closure
- Security and Human Rights
- Significant Potential Incidents
- Stakeholder Engagement
- Tailings Management
- Waste Management
- Water Management

MATERIALITY

In 2015, we updated our assessment of the material (priority) sustainability aspects of our business. This process involved reviewing our existing materiality aspects and revising the list to reflect the current context, and analyzing each aspect based on a range of sustainability risks, trends and opportunities that are relevant to Sherritt, based on two criteria: the level of expected impact to our business and the degree of stakeholder interest. The prioritized list of material aspects was informed through discussions with senior management and other employees, and publicly available information on the priorities and viewpoints of key external stakeholder groups, including:

- Investors
- Opinion influencers (non-governmental organizations, academics, think-tanks)
- Industry associations
- Communities
- Government/Regulators

(We give significant consideration to stakeholder perspectives and input in our decision-making process. Read more about our approach to stakeholder engagement here.)

The sustainability aspects with the highest combined ranking of expected business impact and stakeholder interest are considered “material” for Sherritt and are addressed through our sustainability framework and management system. These aspects were validated by senior management.

The following table maps our 2015 material issues against the four pillars of our sustainability framework and details the boundary of impact for each material issue.

Pillar	Material Issue	Issue Boundary (Internal/external) Where do the impacts occur?	Who is the issue material to?	Where is the issue most material (by operation)?
PROVIDING A SAFE AND REWARDING WORKPLACE	Health and Safety	Internal	• Employees/contractors • Government (regulators)	All Sherritt operations
	Public Safety	Internal/external	• Employees/contractors • Government (regulators, local authorities, first responders) • Communities	All Sherritt operations
	Site Security	Internal	• Employees/contractors • Government (regulators, local authorities, first responders) • Communities	All Sherritt operations (focus at Ambatovy)
	Labour Relations	Internal	• Employees/contractors • Communities (prospective employees)	All Sherritt operations
OPERATING ETHICALLY	Human Rights	Internal/external	• Employees/contractors • Communities • NGOs/civil society • Customers and suppliers • Government (regulators, local authorities, first responders)	All Sherritt operations

	Economic Performance	Internal/external	• Financial community (shareholders) • Employees/contractors • Communities • Business partners • Governments (host jurisdictions)	All Sherritt operations, projects and potential acquisitions
DEMONSTRATING ENVIRONMENTAL RESPONSIBILITY	Land and Biodiversity	Internal/external	• Government (regulators) • Communities • NGOs/civil society	Ambatovy and Moa
	Water	Internal/external	• Government • Communities • NGOs/civil society	All Sherritt operations
	Environmental Liabilities, Closure and Reclamation	Internal/external	• Government (regulators) • Financial community • Communities • NGOs/civil society	All Sherritt operations
	Tailings Management	Internal/external	• Government • Communities • NGOs/civil society • Financial community	Ambatovy and Moa
	Energy and Climate Change	Internal/external	• Government (regulators) • Financial community • Communities • NGOs/civil society	All Sherritt operations

ENGAGING STAKEHOLDERS AND BENEFITTING COMMUNITIES	Stakeholder Engagement	Internal/external	• Communities • Government • NGOs/civil society	All Sherritt operations
	Community Development	Internal/external	• Communities • Government • NGOs/civil society	All Sherritt operations (focus at Ambatovy, Moa, OGP)
	Economic Benefits	Internal/external	• Employees/contractors • Customers/suppliers • Communities • Government	All Sherritt operations

Most material aspects did not change from our last assessment in 2012. A few key exceptions include:

- The materiality of economic performance, always a central aspect for any business, increased because of the significant decline in the price of the products we produce (namely, nickel, cobalt, oil and electricity).
- Site security and environmental liabilities have been identified as important aspects for inclusion within the sustainability management system, due to evolving stakeholder expectations and site-level risks for Sherritt.
- Climate change is included as a material aspect, given increasing societal concern, evolving business focus on this issue, and efforts of governments to address and regulate this issue.

PROVIDING A SAFE AND REWARDING WORKPLACE

Sherritt's operations are built on a zero harm health and safety culture. We work hard to minimize operational risks to our workforce and nearby communities, and engage with these important stakeholders regularly on matters of safety, security and emergency response. More broadly, employee engagement and development remain top priorities in ensuring we attract and retain the people critical to our business and its success.

In 2015, we:

- Sadly experienced four fatalities at Ambatovy; we have since assessed the safety culture at all our sites with the involvement of an independent safety expert and begun implementing fatality-prevention standards
- Met our total recordable injury frequency (TRIF) target of less than 0.50 injuries per 200,000 work hours and our lost time injury frequency (LTIF) target of less than 0.18 injuries per 200,000 work hours
- Introduced significant potential incident tracking, investigating and reporting at all sites
- Designed an enterprise-wide management system for security and human rights
- Increased our employee engagement score by more than 10% from the previous survey in 2011
- Experienced two labour strikes at Ambatovy, totalling 27 days; both were resolved without any major incidents

HEALTH AND SAFETY +

PUBLIC SAFETY +

SITE SECURITY +

LABOUR RELATIONS +

HEALTH AND SAFETY

MANAGEMENT APPROACH

Our health and safety management approach has historically been decentralized, with each division applying its own expertise and experience to identifying hazards and risks, implementing controls, monitoring performance, and assigning appropriate accountabilities. We are now working to establish enterprise-wide standards, aligned with international best practice, as part of our commitment to continuous improvement, operational excellence and a stronger safety culture.

We have also identified the need for a general health and safety standard, which will be based largely on guidance from the Mining Association of Canada, and specific fatality prevention standards. These will clearly articulate expectations across the business for all elements of health and safety performance. They will be developed, reviewed and implemented over the next three years.

In 2015, we developed and introduced our significant potential incident standard to all divisions. This standard provides us with a new performance indicator and requires tracking and specific management actions for any workplace incident that, under slightly different circumstances, could have resulted in a fatality.

We also began conducting safety culture assessments at our divisions, and introduced and refined a series of leading indicators designed to increase hazard awareness, improve performance and strengthen safety culture. These include leader walks around sites to set the tone from the top, proactive health and safety communication activities, workplace inspections and training hours. Our intent is to embed all these initiatives deep within the organization. Ultimately, experience has taught us that everyone must take ownership of safety and be comfortable having safety-related conversations as a matter of course in their everyday activities.

In addition, at the corporate level, we monitor health and safety performance through regular executive reviews, peer comparisons and independent assessments.

PERFORMANCE

Fatalities

We were deeply disappointed by our safety performance in 2015, as there were four fatalities at the Ambatovy Joint Venture: three related to operational activities and one suspicious death linked to fuel theft that remains under investigation by the authorities. These were the first fatalities for the company since 2012.

1. On February 15, a contract maintenance worker was fatally exposed to an unplanned release of hydrogen sulphide vapour from a process tank. This incident also resulted in two lost time injuries.
2. On May 16, an employee operating a large bulldozer was fatally injured when the crest of the low-grade ore stockpile failed, causing the dozer to fall down a steep slope. The employee exited the equipment in an effort to escape but was caught up in the sliding material.

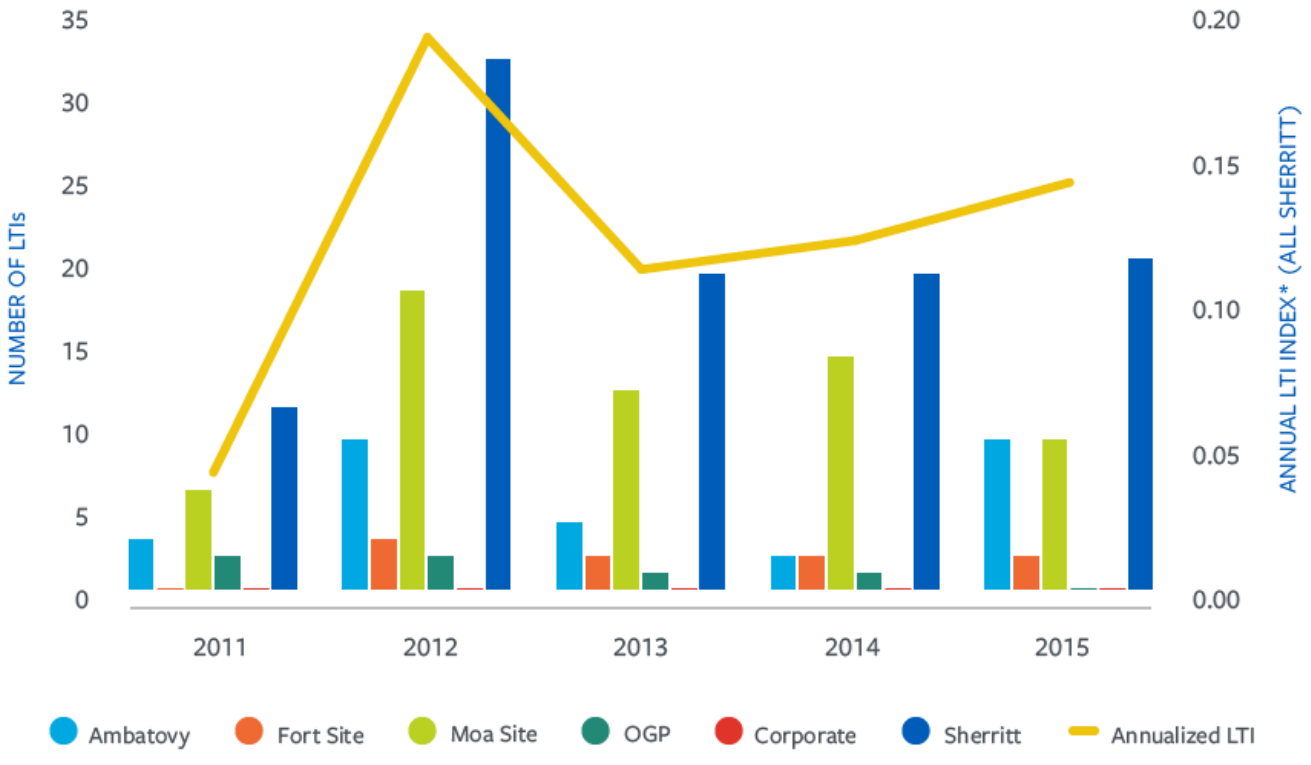
3. On July 8, a contract dump truck operator was found unresponsive on a haul road approximately 40 metres from his truck, which was parked with its lights on and engine running. The cause of death continues to be investigated. We will categorize it as a workplace fatality until the investigation is complete.
4. On August 21, a contractor suffered a head injury during tree-felling activities. After being treated at the on-site medical clinic and subsequently discharged with no abnormal symptoms, the worker's condition deteriorated overnight and he passed away after being admitted to hospital.

Lost Time and Recordable Incidents

In addition to the four fatalities, we reported 20 lost time incidents (which are recorded when a worker misses at least one shift following a workplace injury) and 58 recordable incidents (which include injuries resulting in death, lost time, restricted work, medical treatment beyond first aid, or loss of consciousness) across the company.

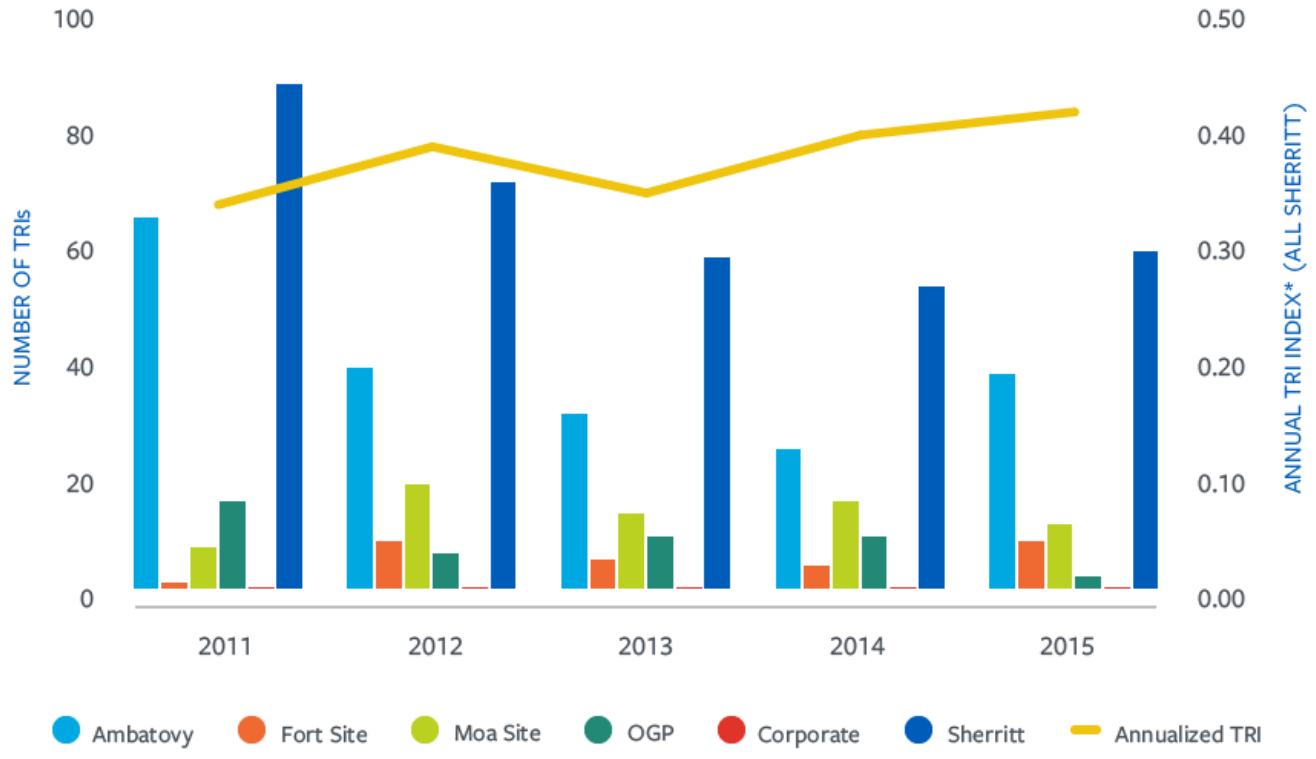
Our overall safety performance in 2015 was good, with a lost time incident index (total number of lost time injuries per 200,000 work hours) of 0.14 and a total recordable incident index (total number of recordable injuries per 200,000 work hours) of 0.41, both of which are peer and industry leading but indicate a negative trend compared to recent years.

Lost Time Incident (LTI) Index



* LTI index = # LTI * 200,000/SUM (exposure hours for the year)

Total Recordable Incident (TRI) Index



* TRI rate = # TRI * 200,000/SUM (exposure hours for the year)

Significant Potential Incidents

There were nine significant potential incidents (SPIs) reported in the fourth quarter, following the introduction of the SPI standard. They were investigated in the same manner as fatalities. Detailed investigations to identify the cause(s) of each incident were completed, and actions to prevent recurrence were identified and implemented. Examples of the SPIs include:

- A contract equipment operator was injured by a haul truck at Ambatovy.
- A fall hazard was created by a contractor at Ambatovy who removed a floor grating and did not replace the grating or hard-barricade the area before leaving.
- Ammonia vapour was released from a process tank at Fort Saskatchewan when connected equipment was incorrectly prepared for maintenance.
- A steam pipeline released a potentially hazardous emission during pre-commissioning activities of the project at Moa.
- A partial finger amputation occurred when a falling object struck an employee who was leveling a shelving unit at Oil & Gas and Power.

PUBLIC SAFETY

MANAGEMENT APPROACH

As good neighbours, we work hard to ensure that our operations, transportation activities and other business practices do not have unintended or adverse effects on the public. We closely follow the regulations of our operating jurisdictions, strive to meet the expectations of nearby communities and regularly engage and collaborate with local stakeholders on risk awareness and emergency preparedness.

There are natural links between public safety and effective community engagement. Through engagement, we work to understand public concerns and safety risks, evaluate steps we can take to reduce risk, help clarify misunderstandings and dispel misinformation, and, when appropriate, collaborate with communities on initiatives that make us all safer. Through these efforts, we contribute to building a strong safety culture in the communities near our sites.

One of the most important ways we protect both communities and our business is through effective emergency preparedness and response planning. At our operating sites, we develop plans, grounded in scenario/risk assessments, to protect infrastructure, the environment and the public, in the event of a significant incident. We also implement actions to limit the severity of impacts, should an incident occur.

In Madagascar and Canada, Sherritt is responsible for leading emergency response efforts at its sites, while in Cuba we support our joint venture partners and the government authorities who take the lead in responding to operational emergencies. Refer to this case study for more information on the Cuban approach. Whenever possible, we coordinate closely with emergency responders in both preparedness and response activities, and we regularly conduct joint training exercises with them.

Sherritt is developing an enterprise-wide crisis management standard that includes emergency response. The standard is influenced by Canadian and international practices, including the Mining Association of Canada's Towards Sustainable Mining (TSM) Crisis Management Planning protocol, the Incident Command System's (ICS) management approach, and the United Nations Awareness and Preparedness of Emergencies at the Local Level (APELL) Programme.

PERFORMANCE

Emergency Response Planning

All operating sites have up-to-date emergency response plans in place. In 2015, Fort Saskatchewan conducted four table-top training exercises, as well as training on the safety of certain chemicals and joint participation in emergency response testing. Moa performed risk assessments of new site infrastructure to evaluate response needs. Sites began working on establishing timelines to review emergency response plans and conduct training exercises to ensure the plans are up to date and applicable.

Post-Incident Community Support

In 2015, there were two noteworthy industrial incidents that presented a threat to human health. The first, the only high-severity environmental incident, concerned a leak from Ambatovy's tailings management facility. The leak resulted in elevated levels of manganese in ponds occasionally used for drinking water by the local community. Please refer to Water Quality Performance for more information on the incident and our response.

The second incident involved a minor process emission of sulphur dioxide (SO_2) at Ambatovy's plant site. After quickly containing the emission, Ambatovy worked with local health authorities to conduct medical check-ups of community members. No concerning symptoms were noted. Further investigations with authorities determined the release had no lasting impact on human health or the environment.

Stakeholder Awareness and Collaboration

Our operations continue to engage with local communities on risk awareness and emergency response.

In 2015, Ambatovy directly engaged with communities near the tailings facility on health, safety and security, which included circulating 23,000 awareness flyers to more than 8,000 households. Ambatovy signed a memorandum of understanding with the Atsinanana Region (where the plant site is located), to bolster collaboration and build capacity for response planning and simulation activities. In 2015, the Atsinanana Region also updated its Particular Intervention Plan with support from Ambatovy, and in collaboration with the National Disaster Management Office. All the major risks associated with Ambatovy's operations are now taken into consideration in this plan. Ambatovy contributed, both technically and financially, to the application of the APELL and Chemical Accident Prevention and Preparedness processes in Madagascar and to the establishment of a Civil Protection Unit and crisis management centre in Toamasina.

The Fort Saskatchewan operations continued participating in key multi-stakeholder forums. Our emergency response team there works actively with the Northeast Region Community Awareness Emergency Response (NRCAER) association, and in 2015 participated in a chemical hazards education session for the local police detachment. We also work with Life in the Heartland on building community awareness about operational risks. The site also met several times with local authorities and first responders to update emergency scenario plans and response activities.

International Recognition

In 2015, Ambatovy received the Green Star Award for the category of Prevention and Preparedness for neutralizing 26 tonnes of ammonia that had been stored for over 30 years in the City of Toamasina (adjacent to the plant site). Approximately 4,000 people live in the immediate vicinity of the storage tank, which was not owned by Ambatovy. The award was granted jointly by the United Nations Environment Programme, the United Nations Office for the Coordination of Humanitarian Affairs and Green Cross International.

SITE SECURITY

MANAGEMENT APPROACH

We are committed to safeguarding our people, assets, reputation and the environment, while respecting the rights of the public. To ensure our site security strikes the right balance, we have an enterprise-wide policy that outlines our principles for creating a safe and secure business environment and for conducting security operations in compliance with local, national and international legal requirements, security standards and law enforcement principles.

Our management approach to site security involves identifying, understanding and minimizing security threats and risks; working with local law enforcement authorities to respond appropriately to security incidents; investigating incidents and complaints, and taking actions to minimize the probability of recurrence; and implementing relevant international principles, including the Voluntary Principles on Security and Human Rights (VPSHRs).

In late 2014, we were accepted into the Voluntary Principles Initiative. Our decision to formally join the Initiative was based on our investment in Madagascar, a country with governance concerns, high rates of poverty and significant potential for community-company conflict. To mitigate these risks, we wanted to formally align our policies and Ambatovy's security operations with the highest international standard for security and human rights. In 2015, we took a collaborative approach, with input from all divisions, to developing an enterprise-wide security policy and management system for meeting the requirements of the Voluntary Principles. The system, which allows for flexible application at our sites to account for the disparate risks and realities of each of our operating environments, is based on the following procedures for governing our behaviour and response to different security incidents:

- Entering agreements with private security service providers
- Entering agreements with public security forces
- Reporting and investigation of security-related incidents
- Use of force
- Protection of providers of confidential information
- Apprehension and transfer of suspects to public custody

Ambatovy has already implemented most of the Voluntary Principles requirements, and the other divisions will endeavour to address gaps over the next three years. In Canada, security and human rights–related risks are low and many regulations already align with the Voluntary Principles, so few additional measures will be needed to comply. Application at our divisions in Cuba require a more nuanced and phased approach, including familiarizing our joint venture partners and the Cuban government with the Voluntary Principles before determining how best to move forward.

Our operations employ full-time employees and contract security personnel. We believe that competence and training are the most important elements of effective security management and we evaluate all personnel carefully before selecting them for security detail. To ensure that our interactions with the public are proper and respectful, we provide values- and expectations-based training, including security and human rights training, to our security personnel. At Ambatovy, we have a memorandum of understanding in place with the national gendarmerie and require security and human rights training for public security officials who patrol our sites.

PERFORMANCE

Security Incidents

In 2015, the only concerning trend in security incidents across Sherritt involved fuel theft at Ambatovy. Fuel theft is not uncommon for mining and energy companies operating in jurisdictions with high rates of poverty and weak governance, like Madagascar. In response, we undertook a full strategic review of our security operations, which led to significant personnel and procedural changes. By the end of 2015, Ambatovy had recorded a 75% reduction in the number of fuel theft incidents, from 63 in the first quarter to 16 in the fourth quarter. Our operations in Cuba and Canada – two jurisdictions with strong respect for the rule of law – did not record any significant security incidents in 2015.

Security and Human Rights

In 2015, there were no security incidents involving claims of human rights abuse anywhere across Sherritt. Ambatovy made important progress on security and human rights training: 75% of full-time security personnel, 90% of contract security personnel, and 100% of public security officials based near our operations were trained. Ambatovy's training target for 2016 is to reach 100% across all of those groups. Learn more about Ambatovy's efforts to conform with the Voluntary Principles on Security and Human Rights in this case study. At Fort Saskatchewan, security officers continued to receive basic human rights training through the provincial licensing process in Alberta, and supplementary training materials were developed by site security management.

Our 2015 annual report to the Voluntary Principles on Security and Human Rights is available online.

LABOUR RELATIONS

MANAGEMENT APPROACH

Our business cannot operate and thrive without a dedicated, experienced and respected workforce. We work hard to listen and understand the needs and challenges of our employees; take action to improve the workplace; and support employees in reaching their potential. For the purpose of this report, labour relations include employee engagement, talent development, labour rights, workplace diversity, and protection against workplace discrimination and harassment.

Effective and regular engagement with employees is the foundation of our labour relations programs. Every few years, we conduct an employee survey to evaluate engagement across the business. Questions touch on leadership, culture, behaviours, professional development, communication and other areas. Management is held accountable for implementing plans to address key findings.

Ensuring the right programs are in place to support employee development at all levels is crucial for Sherritt's long-term success and succession planning. In spite of the challenging commodity price environment, we remain committed to employee training and development. We provide a range of technical, management and leadership training in Madagascar, Canada and Cuba, including training on providing feedback to employees. Wherever possible, we leverage opportunities to bring different groups together to build cross-organizational networks and strengthen our shared values and culture. We also roll out awareness- and culture-building initiatives to employees, such as the "Seizing Opportunities Together" campaign described in this case study.

Our compensation programs are aligned with Our Purpose and Our Promises, fostering a company-wide culture of accountability and pay for performance. All salaried employees are eligible for an annual short-term incentive award expressed as a percentage of their base salary. The award is based on company-wide, divisional and individual performance, and the amounts vary depending on the annual performance of each component. Performance goals are established at the beginning of the year, and are assessed quantitatively and qualitatively. Organizational performance is communicated quarterly, and each manager is accountable for providing individual performance feedback to immediate team members.

Across our company, we have both unionized and non-unionized workforces. We recognize and encourage the right to engage in free association and collective bargaining. As with all our relationships, we strive for productive and mutually beneficial outcomes in our discussions with employees and organized labour representatives. When labour grievances do occur, we investigate and work to reach an acceptable solution for all parties concerned. In certain cases, we may opt for third-party arbitration. Once grievances have been resolved, the management team evaluates all of the issues that were raised and determines what process improvements, if any, can be made to ensure we learn from each one.

We have a zero-tolerance policy for workplace discrimination and have in place discrete policies on human rights, business ethics and diversity that meet legal requirements and best practices. We are committed to continuous improvement in these areas, with a particular focus on diversity. In Cuba, all national workers are hired through an employment agency and can report any issues of discrimination to the agency. The agency will undertake an investigation in conjunction with management. Any actions taken are governed by the same types of standards that would apply in Canada.

PERFORMANCE

Employee Engagement

We conducted an employee engagement survey in 2015 as a follow-up to our first survey in 2011. We are pleased to report a participation rate of 79% (71% in 2011) and an increase in the aggregate engagement score of 11%, from 44% in 2011 to 55% in 2015. We communicated results internally and involved employees in finalizing the action plans to address improvement areas. Action plans are focused on enhancing leadership capability, our performance management approach, recognition of employee achievements, communication and collaboration.

Organized Labour, Grievances and Strike Action

Approximately 5% of Sherritt's employee base is unionized. At our Fort Saskatchewan site, 49% of employees are represented by Unifor Local 530A. (Sherritt and Unifor have had an effective partnership for over 60 years without labour interruption.) A process has begun at Ambatovy, which has only been operating for a few years, to put collective bargaining agreements in place with elected employee representatives. In Cuba, all organized labour considerations are mandated by the Cuban state and many of the systems and tools that are common in other jurisdictions, including collective bargaining, are not employed there.

Our Fort Saskatchewan site received 18 grievances relating to labour practices in 2015. All but five were successfully resolved in the calendar year, and the remaining grievances will be managed in accordance with the procedures set out in the collective agreement, which may include arbitration. While the Fort Saskatchewan site received one less grievance than in 2014, significantly more are being forwarded to arbitration. This increase is a reflection of changes to the union makeup and approach – following the amalgamation of the Communications, Energy and Paperworkers Union of Canada with the Canadian Auto Workers union – as well as the increased use of disciplinary measures as a part of the performance management process.

At Ambatovy, two grievances relating to working conditions were reported in 2015: one at the mine and one at the plant. These grievances led to two separate strikes – totalling 27 days – which were successfully resolved:

- On March 16, a group of mine workers went on strike and blocked access to the mine. A negotiation process, undertaken with the assistance of the Malagasy authorities, led to an agreement with staff representatives on March 31. Mine employees returned to work on April 1.

- On April 13, approximately 200 employees demonstrated at the plant site. An agreement was reached on April 23, following a series of negotiations, and work resumed shortly afterwards.

Employment Suspensions at Ambatovy

Although Ambatovy made significant progress ramping up in 2015, the operation continues to run at a loss because of the extended period of very low commodity prices and below-target production resulting from equipment-reliability issues and the consequences of 27 days of strike action.

Since 2013, Ambatovy's management has been making significant cost reductions to remain viable. The number of non-Malagasy personnel was reduced by 15%. Contractors also demobilized personnel, including expatriates. Still, Ambatovy had to make the difficult decision in mid-2015 to suspend approximately 450 local employees (96 of whom have since returned to work). All said, approximately 900 jobs were impacted in 2015. The total remaining workforce – employees and long-term contract personnel – numbers more than 7,400.

Given the broader socio-economic challenges in Madagascar, Ambatovy put in place a series of special measures to support impacted employees, including a special allowance and family medical coverage for an additional six months.

Workplace Diversity

	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Full-time non-supervisory (total)	2,907	635	1,801	538	26	5,907
Men	2,554	548	1,663	477	12	5,254
Women	353	87	138	61	14	653
Part-time non-supervisory (total)	0	7	0	2	3	12
Men	0	2	0	0	2	4
Women	0	5	0	2	1	8
Supervisors (total)	386	73	115	99	20	693
Men	321	63	110	86	12	592
Women	65	10	5	13	8	101
Contractors (total)	0	0	2	8	4	14
Men	0	0	2	7	2	11
Women	0	0	0	1	2	3

Note: In the above table, "Contractors" include only long-term positions hired directly by Sherritt; they do not account for supplier personnel working on site. This differs from our previous approach to tabulating contractors, which explains the variation from last year's number of contractors reported.

In 2015, we employed 765 women, representing 12% of our employee base. In our Canadian locations (Fort Saskatchewan, Calgary and Toronto), our workforce is 18% female. At Ambatovy, 13% of workers are female. In Cuba, where workers are contracted out by the state, that figure is 8%. Although our overall gender diversity percentage is at the upper end of the mining and energy sectors, we remain focused on attracting a more diverse workforce, in terms of both gender and ethnicity. We currently track diversity metrics and, in 2016, will develop a three-year plan to improve diversity across the enterprise.

OPERATING ETHICALLY

As a public company, our overarching responsibility is to operate profitably and take advantage of opportunities to grow our business. This allows us to keep our commitments to our shareholders, employees, contractors, host country governments and communities. Making a profit, however, is not done at any cost. To ensure that we protect our business and reputation, we commit to conducting all activities with integrity and the highest standards of responsible conduct. This includes avoiding actual and perceived conflicts of interest, having zero tolerance for corruption of any form, and respecting the rights of all people with whom we interact. We do this by rigorously implementing our Business Ethics Code, Anti-Corruption Policy and Human Rights Policy, and by ensuring that we have the systems and programs in place to bring effect to our expectations.

In 2015, we:

- Completed anti-corruption training for 54% of our eligible workforce around the world
- Did not receive any human rights–related grievances across Sherritt
- Recorded, managed and closed seven reportable concerns from employees
- Received the Syncrude Award for Excellence in Sustainable Development
- Received the Green Star Award in the category of Prevention and Preparedness

ECONOMIC PERFORMANCE +

BUSINESS CONDUCT +

HUMAN RIGHTS +

ECONOMIC PERFORMANCE

MANAGEMENT APPROACH

Weak global commodity prices translated into poor financial results for Sherritt in 2015. The price of nickel and oil declined by 40% and 30%, respectively. Offsetting this price environment was our 14% increase in nickel production, reductions in operating costs, and capital preservation activities. Given long-term price assumptions, we wrote down Ambatovy assets, primarily consisting of property, plant and equipment, by $1.6 billion. As a result, our net earnings for the year ended December 31, 2015 were negative $2.1 billion. Our cash position was $435 million. In 2016, we are focused on weathering what will likely be another difficult year for commodities and positioning ourselves for long-term success by:

- Upholding global operational leadership in finished nickel laterite production
- Extending the life of our Cuban energy business
- Preserving liquidity and building balance sheet strength

PERFORMANCE

Please refer to our 2015 Annual Report for detailed information on our economic performance last year and an overview of how we plan on executing against our 2016 strategy.

BUSINESS CONDUCT

MANAGEMENT APPROACH

Our business conduct is a reflection of the values that are the foundation of our company. Our Purpose and Our Promises describe our guiding principles and how we expect them to be lived every day as we carry out our business. Our Business Ethics Code provides clear guidance to our workforce on what it means to act with integrity. It covers conflicts of interest, fraud and corruption, fair dealings, protection and proper use of the company's assets, compliance with regulatory requirements, disclosure, confidentiality, and reporting mechanisms available to employees and contractors. Sherritt's Policy Committee, made up of senior executives from various key functions, is responsible for reviewing and approving new or revised policies.

Globally, there has been recent focus on eliminating corruption within companies, and between businesses and all levels of government officials. Many countries have passed anti-corruption legislation, imposing significant monetary and incarceration penalties for corrupt practices. Investigative activities by law enforcement agencies have also increased significantly, bringing effect to legislation.

As a Canadian company, we are subject to the Canadian Corruption of Foreign Public Officials Act (CFPOA), as well as anti-corruption laws in Madagascar and Cuba. The CFPOA prohibits Canadian business interests from making or offering improper payment of any kind to a foreign public official – or anyone acting on his or her behalf – where the ultimate purpose is to obtain or retain a business advantage.

Our Anti-Corruption Policy prohibits the violation of the CFPOA and other applicable anti-corruption laws. All divisions and offices must undergo anti-corruption training and log all government meetings and payments. In Madagascar, governmental and commercial corruption presents a significant risk, whereas in Canada and Cuba, it does not. As such, we provide additional training, awareness-building and controls at Ambatovy, where all suppliers with standard contracts must also sign our Anti-Corruption Policy.

Sherritt is very supportive of the transparent reporting of payments to governments. We are a Supporting Company of the Extractive Industries Transparency Initiative (EITI), to which we report in Madagascar. Visit this website to review EITI Madagascar's latest report, which was published in 2015. We have also developed a process for meeting the public reporting obligations of Canada's Extractive Sector Transparency Measures Act (ESTMA), the requirements of which are very similar to those of EITI. Additional commentary on transparency reporting can be found under Community Development.

PERFORMANCE

Ethical Conduct

In 2015, seven reportable concerns were investigated and closed. Of those, two investigations were completed by independent professional service firms while the other five were investigated internally by Internal Audit or

management. These concerns mainly related to allegations of fraud within the company, such as inappropriate business relationships with vendors.

Upon starting employment with Sherritt, all employees are required to review and sign off on their understanding and acceptance of our Business Ethics Code. In 2016, the implementation of administrative requirements to ensure this practice is carried out by employees on an annual or semi-annual basis will be considered.

Anti-Corruption

We updated our Anti-Corruption Policy in 2015 and held training sessions across the company to familiarize employees with the requirements and to address questions. The training provides a valuable opportunity to clarify what constitutes corruption and conflict of interest. We emphasize that the most important action an employee can take if faced with an uncomfortable situation is to ask for assistance from the person responsible for overseeing the anti-corruption program in their workplace.

A total of 1,864 employees were trained by the end of 2015, representing 54% of our total workforce that is eligible for this training. As part of the training, employees had to sign the policy to demonstrate their understanding and commitment to the principles. Training in 2016 is planned for the remaining 46% of eligible workers.

In Cuba, only expatriate employees and a handful of Cubans who work directly for Sherritt were required to take the training, given the nature of our joint venture relationships and our agreement with the state-run agency that provides our operations with workers.

Ambatovy began rolling out anti-corruption training to all eligible employees in October 2015; and by the end of 2015, 48% had completed the training, with the rest expected to be trained by March 2016. This training will be included in the onboarding process for new employees, starting in 2016. Over the last few years, Ambatovy also rolled out a “train the trainer” program for suppliers to increase their awareness of the requirements of the Anti-Corruption Policy. Ambatovy trained 274 contract workers from more than 100 suppliers as part of the program. These “trainers” have gone on to train more than 8,600 contract workers on our policy. Refer to this case study for further information.

Performance commentary on transparency reporting can be found under Community Development.

HUMAN RIGHTS

MANAGEMENT APPROACH

Understanding and expectations related to human rights in the mining and energy sectors began to evolve 15 to 20 years ago as companies increasingly turned their attention to countries that are less developed. Many of these countries were – and continue to be – characterized by weak governance and respect for the rule of law, extreme poverty, low-cost labour, a lack of business regulations, and less-than-ideal mechanisms to protect the human rights of their citizens. These and other factors would contribute to instances of conflict in natural resource development – often involving communities, companies, governments and security officers – as a means of resolving the grievances of local residents.

The work of Professor John Ruggie, on behalf of the United Nations, defined a practical human rights framework, known as the United Nations Guiding Principles on Business and Human Rights, that outlines the roles for state and business actors in the protection of human rights. It also identifies "access to remedy" for anyone with a human rights complaint as the single most important element for business to maintain its social license.

Currently, human rights issues do not represent a top risk at our operations. To ensure this trend continues, we are aligning with international best practices and expectations regarding human rights. We developed an enterprise-wide policy that commits to upholding the Universal Declaration of Human Rights, along with other international principles.

The primary human rights–related considerations for Sherritt include access to remedy; the interaction between security personnel and communities near our operations in Madagascar (addressed under Site Security); labour rights (addressed under Labour Relations); and children's rights in Madagascar.

At Sherritt, remedy for complaints, up to and including potential human rights violations, is provided through the community grievance mechanisms in place at the divisional level. Grievance mechanisms are processes to receive, acknowledge, investigate and respond to community complaints. These are valuable early-warning systems that can resolve sources of friction between stakeholders and companies, and can, over time, build trust. We are incorporating best-practice guidance from a number of sources as we develop a grievance mechanism standard, to ensure it is both practical and credible.

Currently, we have a formal community grievance mechanism in place at Ambatovy. It includes an external grievance committee, comprising respected members of local communities, that meets quarterly to review the grievance management process and resolutions, and to provide feedback and suggestions for improvement to management.

At our site in Fort Saskatchewan, we have a long-established informal process for responding to complaints from external parties. In Cuba, there is a 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. Sherritt's management team, or that of our Cuban partners, is in involved in the process to address any grievances related to our operations.

Our Human Rights Policy also articulates our commitment to the Convention on the Rights of the Child. Violation of children's rights is a fairly low risk in Canada and Cuba, but in Madagascar this risk is more significant. At Ambatovy, we have a zero-tolerance policy for child exploitation that the entire workforce must sign. This policy was drafted with the support of UNICEF, in response to an incident that occurred at Ambatovy several years ago. Refer to this blog posting for more information. We also support youth-led peer awareness campaigns on child exploitation issues and HIV/AIDS in Madagascar. All contracts or agreements awarded to local suppliers include clauses requiring the strict respect of international rules towards child labour. Ambatovy's Local Business Initiative regularly verifies that these requirements are upheld.

PERFORMANCE

Human Rights Grievances

There were no human rights–related grievances reported at any of our divisions in 2015. (Other types of grievances are captured and explained under Labour Relations and Stakeholder Engagement.)

Children's Rights

In 2015, we introduced special considerations for children's rights into our risk assessment process for security and human rights, as well as into our security procedure for the apprehension and transfer of suspects to public custody.

In Madagascar, 20 of our suppliers underwent an Ambatovy-led audit, which included criteria to assess their respect for rules and laws concerning child labour. We also provided assistance to child-protection networks in Moramanga and Toamasina to develop and finalize proposals for funding from international donors. See this case study for more on our work to support children and youth in Madagascar.

DEMONSTRATING ENVIRONMENTAL RESPONSIBILITY

We understand that mining and energy production involve disturbing the natural environment. Our overriding approach to demonstrating environmental responsibility is to avoid impacts wherever we reasonably can, and ensure that any we create are minimized, managed and remediated. In this way, we can limit our impacts, while seeking innovative ways to support environmental protection.

In 2015, we:

- Established partnership agreements with Conservation International and Asity Madagascar (which is associated with BirdLife International) for the conservation management of Ambatovy's biodiversity offset areas
- Received Ambatovy's environmental certificate from the project lending syndicate in recognition of fully conforming with the International Finance Corporation (IFC) Environmental and Social Performance Standards
- Responded to one high-severity environmental incident involving a leak from the Ambatovy tailings management facility that resulted in elevated levels of manganese in local water ponds

TAILINGS MANAGEMENT +

BIODIVERSITY AND LAND +

WATER +

ENERGY AND CLIMATE CHANGE +

ENVIRONMENTAL LIABILITIES, CLOSURE AND RECLAMATION +

TAILINGS MANAGEMENT

MANAGEMENT APPROACH

Sherritt produces two broad types of waste: mining waste and solid waste. Mining waste generally includes waste rock and tailings, produced as processing by-products. Solid waste consists of hazardous waste and non-hazardous waste. Hazardous wastes are identified by their chemical and physical properties, and their classification, handling, disposal and storage requirements are prescribed in regulations. Non-hazardous solid waste consists of materials that we use and produce that can be disposed of in municipal landfills and is not considered material for the purposes of this report.

We design and operate our tailings management facilities in Cuba and Madagascar to meet or exceed all applicable regulatory requirements in our operating jurisdictions. Ambatovy's tailings management facility was also designed to meet the requirements of the Canadian Dam Association, the International Commission on Large Dams, and the Mining Association of Canada's Towards Sustainable Mining (TSM) Tailings Management protocol.

Following the recent tailings dam failures in Brazil and Canada – including our own pond failure at the Obed Mountain mine in Alberta in October 2013 – we have begun developing an enterprise-wide tailings management standard. This standard will provide additional rigour in ensuring that our operating sites fulfill our commitment to designing, constructing, operating, decommissioning and closing all tailings facilities in such a manner that all structures are stable, all solids and water are managed within designated areas, and all management practices conform with regulatory requirements, sound engineering principles and good practice. This standard will also take into account lessons learned from a post-mortem review of the Mount Polley tailings pond failure conducted by the Mining Association of Canada and the latest guidance from the International Council on Mining & Metals.

PERFORMANCE

	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power
Total amount of overburden, rock, tailings and sludge (tonnes)	24,950,000	Not applicable	9,950,000	Not applicable

At our mining operation in Moa in 2015, we continued to work with our Cuban partners and industry experts to improve tailings and water management practices to better align with international best practice. The current tailings management facility is nearing capacity. We have retained an internationally respected engineering firm to design an extension of the facility that will ensure we can continue to store tailings until 2022. Detailed design work for the first stage of the extension is well underway and is expected to be finalized in 2016.

We also began investigating options for tailings management so that we can continue to support mining operations in Moa well beyond 2022. Throughout this process, we will strive to minimize environmental impacts and meet international good-practice standards in tailings management.

At Ambatovy, the tailings management facility (TMF) is a long-term construction project involving a continuous raising of the perimeter dams to meet capacity needs. The first two phases of Ambatovy's TMF are currently operational. The detailed engineering of the third phase of the TMF started in 2015 and is expected to be complete in 2016. Once construction is complete, the TMF will provide sufficient storage capacity for the remaining mine life, which is approximately 30 years.

Update on Remediation of Obed Containment Pond Breach

As we reported in previous sustainability reports, on October 31, 2013, a breach occurred due to a geotechnical slump, in an on-site water containment pond at the Obed Mountain mine, then owned by Sherritt, that resulted in a significant release of mud, clay, coal particles and approximately 670,000 m^3 of water into nearby creeks and the Athabasca River. We quickly mobilized our response team, working with regulatory bodies, and began engaging extensively with First Nations and local stakeholders to keep them informed and to address their concerns. After the sale of our coal operations to Westmoreland Coal Company in April 2014, we retained the environmental remediation and financial obligations associated with the breach, and have continued to work cooperatively with the Alberta regulator to address the impacts of the incident. Read more about it here.

In 2015, we continued environmental monitoring of water quality, soil and sediment quality, fish habitat, wildlife, and vegetation and wetland resources. We submitted an updated human health risk assessment to the regulators that found that no adverse impacts to human health are expected. We also submitted other reports, including an updated impact assessment report and the remediation activities report and plan. The reports indicate that the breach and the resulting release of polluted water and sediments had measurable but minor effects on fish and fish habitat in the nearby creek, and that there are no residual effects on water and sediment quality in any of the nearby creeks or in the Athabasca River. In 2015, we continued to engage regularly with First Nations, communities and government on our progress, and we received an award from the Canadian Public Relations Society for our communications response to the crisis. A more detailed account of our response and remediation activities during 2015 can be found on www.obed.ca.

BIODIVERSITY AND LAND

MANAGEMENT APPROACH

Sherritt's operations are found in diverse locations, ranging from primary forests to island environments to industrial zones. Our approach to managing biodiversity is tailored to the context of each operation. At assets found in highly sensitive ecosystems, such as our Ambatovy mine in Madagascar, we follow a strict mitigation hierarchy: avoid impacts where possible, minimize any unavoidable impacts, repair any damage, and provide offsets (e.g., positive management interventions such as restoration of degraded habitat for residual impacts) wherever necessary.

This mitigation hierarchy, which forms the foundation of Ambatovy's biodiversity-related work, was developed by the Business and Biodiversity Offsets Programme (BBOP), a multi-stakeholder initiative that seeks to develop best practice in biodiversity protection for developers of large greenfield projects. Ambatovy has been an active supporter of BBOP since its inception in 2004.

Ambatovy's approach to conservation also conforms with the requirements of Madagascar's regulator, the National Environment Office, and with the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (2012 version), which includes a discrete standard on biodiversity conservation and sustainable natural resources management.

In 2009, Ambatovy established a Scientific Consultative Committee on biodiversity as part of its commitment to transparency and to apply international conservation expertise to its biodiversity management activities. The Committee includes 14 national and international independent scientists renowned for their expertise in biodiversity, conservation, and environmental management. The Committee convenes every two years 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 to management.

In Canada and Cuba, environmental baseline studies and impact assessments are conducted and biodiversity management plans are implemented, as required by regulation. However, the breadth and depth of our leading work at Ambatovy has demonstrated to us the value of developing a standard approach for addressing biodiversity considerations across the rest of the company. We have been evaluating the requirements of the Mining Association of Canada's Towards Sustainable Mining Biodiversity Conservation Management protocol and how these could add value to our business. We intend to develop a minimum standard for biodiversity and land management within the next few years. It will be practical and risk based, and will provide us with a consistent set of requirements for identifying and managing biodiversity impacts.

Land Management

We recognize that the land entrusted to us is a valuable resource. We work with authorities and other organizations to manage and reclaim the land during active mining and once operations have ceased. This is demonstrated by our longstanding record of reclamation and remediation activities, which have been covered in previous sustainability

reports. Our active mining properties in Cuba and Madagascar progressively rehabilitate land and regularly monitor progress against rehabilitation plans with the regulatory authorities in both jurisdictions.

The Fort Saskatchewan site manages land issues within its government-approved operating permit, which includes discrete requirements for soil management and planning. Our Oil & Gas operations in Cuba routinely mitigate any impacts of oil exploration and recovery activities when operations have ended. Drill sites are cleaned, topsoil is replaced and the land is returned to conditions similar to those that existed before drilling commenced. In accordance with the requirements of our operating permits, the land will be returned to the Cuban state after the expiry of the term of the contract.

PERFORMANCE

Ambatovy's Environmental Certificate

Our primary environmental focus for 2015 at Ambatovy involved carrying out the conservation actions in Ambatovy's Environmental Management and Social Development Plan, such as implementing a robust biodiversity management system, establishing partnerships with non-governmental organizations to manage the offset sites (see below for more information), and restoring all remaining lands impacted during construction. Our performance against these actions led the independent engineer, who represents the consortium of lenders that provided Ambatovy with project financing, to conclude that we have met the necessary requirements of the IFC Performance Standards to receive our environmental certificate and, ultimately, achieve financial completion, which is a significant milestone along the path to ramping up Ambatovy's operations.

Species of Concern

Ambatovy has commitments to protect and conserve species of concern (SOC) within the lands under its direct control. Our mining operation is located within the Ambatovy-Analamay forest, and our mine lease is subdivided into the mine footprint, which contains our active operations, and the surrounding conservation zone.

The Ambatovy-Analamay forest area is within the Torotorofotsy Ramsar Convention site, which is an internationally significant wetland. The forest area forming our lease comprises 21.5 km^2 of high biodiversity value, featuring 1,700 species of vascular plants and 336 species of vertebrates. Within this area, we have identified nine priority species, of which four are considered to be endangered, according to criteria established by the International Union for the Conservation of Nature (IUCN), and five are SOC. We are responsible for the inventory and monitoring of a total of 109 SOC and the four endangered species, as well as retrieving all orchid species. Refer to this case study to learn more about our orchid conservation work.

In 2015, we reintroduced 280 individual SOC plants within the mine footprint zone, and 1,227 individual SOC plants in the broader Ambatovy-Analamay conservation zone under our control. Thanks in large part to this and other work, we were awarded the 2015 Syncrude Award for Excellence in Sustainable Development at the Canadian Institute of Mining, Metallurgy and Petroleum's annual convention. Read this case study to learn more.

Invasive Species

One of the most significant potential threats to areas of high biodiversity is the introduction of non-native, exotic and invasive species, which can rapidly adjust to new conditions and have an adverse effect on the native biodiversity.

We have processes in place to control three invasive species at the Ambatovy mine site and the process plant and port site:

- Norway rats: We have implemented a 6 km^2 capture zone around five villages near the mine to prevent Norway rats from affecting the forest.
- Crayfish: Crayfish control is implemented twice a year at six sites. Apart from capturing the crayfish in collaboration with local villagers, who are trained as capturers, we also organize campaigns to raise awareness about the crayfish and its impacts on agriculture, habitat and biodiversity.
- Asian toads: We removed more than 17,000 Asian toads in Toamasina between August 2014 and June 2015. They are believed to have been introduced via a container from Southeast Asia at the Port of Toamasina, which is located near our plant site.

Response to Concerns over the Introduction of the Asian Toad

In 2015, two international non-governmental organizations approached Sherritt about the introduction of invasive Asian toads to Madagascar. They suggested that Ambatovy's shipping activities through the port may have inadvertently introduced the species and requested that we take a leading role in the overall response. We have examined this issue critically, and while our assessment does not support their conclusion, we have responded to their queries formally and have had several constructive discussions on this topic with representatives from these and other concerned organizations and institutions.

During the timeframe that the toad is speculated to have arrived in Madagascar, Ambatovy accounted for less than 5% of the Port of Toamasina's total traffic; and that percentage is even lower for shipments coming from the toad's zone of origin, according to our records and those we obtained from Madagascar's customs office.

Nevertheless, as a responsible actor that cares deeply about biodiversity management, we are committed to supporting the Government of Madagascar's leadership in addressing this significant threat. We have joined the government's national committee, which is comprised of several stakeholder groups, to mitigate the impacts of the Asian toad. We are also entering into a memorandum of understanding with Madagascar's National Environment Office to carry out a joint eradication program that goes well beyond the scope of our own efforts to date (referenced above). We appreciate the growing urgency to take broader measures and are hopeful that our contributions will lead to lasting results.

In addition to addressing invasive toads and other fauna, we are also controlling three exotic plant species at the mine site, including the removal of the Lantana camara species over an area of 42 hectares (ha) and the removal of

exotic pine and eucalyptus trees over approximately 1,600 ha.

Conservation Partnerships and Collaboration

In 2015, Ambatovy initiated two important partnerships with civil society organizations to assist in managing the offsets we have created to compensate for our disturbances. We engaged Conservation International to manage the Ankerana forest – our 5,715 ha offset that is located some 70 km northeast of the mine site. We also reached an agreement with Asity Madagascar, which is associated with BirdLife International, to manage the Torotorofotsy wetlands. We feel that these respected civil society organizations bring both credibility and additional expertise in managing biodiversity. Both the Ankerana and Torotorofotsy offsets are important demonstrations of our commitment to evolving international best practice and to protecting and enhancing the rich biodiversity that surrounds the mine area and beyond.

Ambatovy also continued working closely with local experts, communities and suppliers on conservation activities. For instance, in 2015 we purchased more than $3,000 worth of native tree species from the local community to assist in our ongoing mine reclamation activities. In addition, we hired local residents as patrols in the Ankerana forest offset to ensure that there is no unauthorized use of – or other threats to – the core conservation area, such as illegal logging and lemur trapping. These residents conducted 960 person-days of foot patrols in the forest in 2015.

Biodiversity Management at Moa

Our open pit nickel mine near Moa, Cuba, is located approximately 15 km north of Alejandro de Humboldt National Park, a UNESCO World Heritage Site particularly known for its extensive suite of endemic species of flora.

Decades before the park became a World Heritage Site, the state-owned predecessor company of the Moa Joint Venture received a concession to develop a valuable mineral deposit within the park. Minor exploration work was carried out, once in the 1970s and again in the 1990s. In 2001, the Cuban government declared the park to be a protected area and a national park, and shortly afterwards UNESCO designated it to be a World Heritage Site.

Absolutely no exploration work of any kind has been carried out in the park since then. In 2008, the Moa Joint Venture officially relinquished its concession, and about three years later, at a meeting with Cuba's National Council of Hydrographic River Basins, the Joint Venture agreed to evaluate the best approach to rehabilitating the impacted areas and include this work in its annual environmental management plans. Around that same time, the park authority was commissioned to carry out an impact assessment.

This collaborative effort led to the development of a long-term biodiversity management plan to restore the affected areas. This plan is being executed collaboratively by the Moa Joint Venture, Cuban regulatory agencies and the Park Authority. The plan encompasses soil conservation; the creation of hydro regulation channels to restrain floodwater and prevent erosion; reforestation of endemic species such as the ocuje (Calophyllum antillanum), which is prized for producing a very hard, durable wood, and the Cuban oak; as well as other areas.

In 2015, 6 ha of forest were recovered and we received a special recognition from the environmental regulator and the National Council of River Basins for rehabilitation work along the Toa River basin, Cuba's most significant hydric resource.

Biodiversity Management Elsewhere

In Canada, our refinery's impacts on biodiversity are minimal, given that it is located in an industrial zone within the city limits of Fort Saskatchewan. Our energy operations in Cuba also have minimal impacts on biodiversity, given the small footprint and nature of our activities. In 2015, no significant conservation activities were required or undertaken at these sites.

Land Management

In 2015, both Ambatovy and the Moa Joint Venture practiced progressive reclamation in accordance with their operating permits and commitments. There were no changes to the operational footprint of the Fort Saskatchewan refinery or our Cuban Oil & Gas operations, in part because these areas are still active.

The table below shows the amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.

	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Total
Total amount of land disturbed and not yet rehabilitated (ha)	2,854	100	308	40	3,302
Total amount of land newly disturbed within 2015 (ha)	82	0	48	Not applicable	130
Total amount of land newly rehabilitated within 2015 to the agreed end use (ha)	6	0	32	Not applicable	38

WATER

MANAGEMENT APPROACH

As the global population swells, the demand for fresh water continues to grow and societal concerns about water quality and availability increase. We understand and share these emerging concerns, which are common at all our divisions.

Water is central to our metallurgical process for producing nickel, and we manage it carefully. Where feasible, process water is recycled or reused within the process itself. Runoff is controlled through diversions and catchments to minimize any release to the environment. For each operation, we conduct baseline studies, assess risks and engage stakeholders to inform them of our water management planning.

Pumping water for use in our processes takes a considerable amount of energy, and we are continually taking steps to identify how we can optimize our practices and minimize the amount of water and energy we use.

We are also vigilant in our monitoring to ensure that we are not unduly contaminating surface water or groundwater resources with our process discharges. There are stringent regulatory water quality limits that apply to our discharges to ensure protection of the receiving environment, and our monitoring programs are designed to comply with the emission limit values in each jurisdiction, and to help us detect any unanticipated problems and manage risk beyond regulatory obligations.

Our approach to water management varies across our operations, depending on technical requirements, local climate, water bodies and stakeholder interests. Building on the range of water management practices and initiatives in place, we are working towards the development of a corporate water standard that will apply across all divisions.

PERFORMANCE

Water Use

	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Total
Total water withdrawal (m^3)	27,900,000	2,500,000	4,900,000	300,000	35,600,000

Ambatovy reported 27.9 million m^3 of water consumption in 2015, which is consistent with prior years. Water for our processes is withdrawn from a variety of sources at the mine, plant and port facilities, including the Ivondro River, the Mangoro River, Antsahalava Creek and groundwater wells. Potable water for the plant site originates from wells at the facility. Our water withdrawal is monitored quarterly by the regulator.

Our Fort Saskatchewan site withdraws water from the North Saskatchewan River under provincial licenses for use in our processes. We purchase potable water from the local municipality. The total water withdrawal for the Fort Saskatchewan site in 2015 was 2.5 million m^3, including 2.4 million m^3 taken from the river and 0.1 million m^3 of purchased potable water. We report our water withdrawal monitoring results to the provincial regulator on a monthly basis. Process effluent and stormwater (snowmelt/rainwater) that we collect on our site are treated to meet the regulated water quality guidelines. This water is then transferred to the municipal wastewater collection system, where it is treated further and then discharged into the surrounding environment along with wastewater from the wider municipality.

Our Moa site in Cuba withdrew 4.9 million m^3 of water for its processes in 2015. Water is collected in our adjacent reservoir and is treated before use.

Oil & Gas and Power reported a total water withdrawal in 2015 of 0.3 million m^3, drawn primarily from municipal water sources, and groundwater sources at Power facilities.

Water Quality

In 2015 at Ambatovy, the concentration of manganese in water that we discharge from our tailings management facility sometimes exceeded the regulated limit established by Madagascar's environmental agency. Manganese at low concentrations poses only aesthetic concerns; that is, it imparts a discoloration to drinking water. At higher concentrations, it can have adverse health effects. To safeguard public health, we offered an alternative source of potable water to residents located close to the discharge point and who may use nearby water sources for drinking water. We also provided regular water quality updates to residents and the regulator. Based on the findings of a root cause analysis of the issue, we began implementing corrective actions, including building up tailings beaches to reduce the manganese before discharge and installing a permanent pumping house in order to regain compliance with our permit requirements. We expect this issue to be resolved in 2016.

At Fort Saskatchewan, we monitor water quality at several locations within the site's treatment system, and review the results to ensure compliance before the release of water into the municipal collection system. We reported our water quality results to the municipality on a monthly and to the Alberta regulator on an annual basis. There were no non-compliance events during the year sourced to Sherritt operations.

Historic activities at Fort Saskatchewan have had an impact on groundwater quality. We have installed a series of wells to monitor groundwater quality and we remove and treat affected water as required. We report regularly to the Alberta regulator about our activities and effects.

When we invested in Moa more than 20 years ago, we inherited a legacy water management issue, which has affected water quality in a nearby river. Over the years, we have been working with our Cuban partners and the regulatory agency to address this issue. In 2015, we investigated long-term treatment options for water

management. We expect to come to a decision with our Cuban partners on the preferred solution in 2017, and to begin implementation soon thereafter.

In 2015, Moa did not record any significant spills. There were, however, two minor overflows involving the release of a diluted liquid at the spillway of Moa's tailings facility. Both incidents were managed in conformance with regulatory requirements.

There were also two minor spills at our Oil & Gas and Power operations in 2015. One involved a tank level indicator that failed to perform properly, resulting in a 3 m^3 overfill of emulsion (insoluble droplets) to the ground. The second took place during a regular inspection and cleaning of a condenser. High water levels in our condenser pit led to 311 m^3 of sea water being pumped to the ground.

ENERGY AND CLIMATE CHANGE

MANAGEMENT APPROACH

We operate an energy-intensive business. Energy consumption is a major input to our processes at all of our divisions, and energy-related costs are the second-largest component of unit operating costs after labour. These realities mean that we are motivated to reduce energy consumption and maximize efficiencies at every stage of our production cycle, from mining and oil recovery through to processing, refining and shipping finished products, and generating electricity. Concerns about the possible impacts of climate change on the planet and on our business increase the urgency of this issue for us, and affirm our role in contributing to global efforts to reduce greenhouse gas (GHG) emissions.

We have evaluated our management approach to energy and climate change against the requirements of the Mining Association of Canada's Towards Sustainable Mining Energy and Greenhouse Gas Emissions Management protocol and intend to develop and implement a corporate standard across the company in the coming years.

Air Quality

Broadly speaking, managing air quality around our operations is an important element of our environmental programs company wide. We are conscious of the potential impacts of our operations and take great care to ensure that all applicable air quality regulations are properly followed.

Air emissions generally comprise two types of sources. The first type includes specific discharges of gases from our process stacks and vents – such as sulphur oxides (SO_X), hydrogen sulphide (H_2S) and nitrogen oxides (NO_X). When emitted into the air, these compounds can pose risks to human health and lead to environmental degradation. The second type of air emission includes small airborne particles generated from activities in the open environment, called particulate matter (PM). PM is predominantly produced as a result of traffic on unpaved roads at our facilities, excavation activities at our mines, and fertilizer production at our refineries. We have strict safeguards in place at all sites to minimize the risk of air releases and regularly review and revise processes to minimize the release of PM through our activities.

PERFORMANCE

GHG Emissions and Energy Consumption

	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Total
Scope 1 GHG emissions (kt CO_2e)	2,035	359	626	1,611	4,631

GHG emissions at Ambatovy, for the mine, plant and port facilities, were estimated at a combined total of 2,034 kilotonnes (kt) of CO_2 equivalent during 2015, representing a 10% increase over 2014 emissions. The increase is the result of the ramp-up of Ambatovy to full nameplate throughput during the year. As there is a lack of large-scale power available in Madagascar, the use of coal for power generation at Ambatovy accounts for the majority of the GHGs produced. Ambatovy consumed 2,008,000 gigajoules (GJ) of energy in 2015 from a mix of coal-fired power and diesel gensets. This represents an increase of 5% over 2014 energy consumption, again reflecting ramp-up of production. In 2015, Ambatovy took steps to reduce the use of light vehicles on site and optimize the use of electric vehicles as a means of reducing emissions.

Fort Saskatchewan reported GHG emissions of 359 kt of CO_2 equivalent in 2015. Sherritt has purchased 39 kt of carbon credits to help offset our 2015 GHG emissions and comply with provincial regulations. Fort Saskatchewan operates within the Alberta GHG regulatory system; as such, we track and report all emissions and are required to make reductions in, or to purchase equivalent credits for, emissions arising from both the combustion of fossil fuels and the venting of certain streams within our ammonia plant. Fort Saskatchewan recorded total energy consumption (including purchased electricity) of 5,061,000 GJ in 2015. During the year, the site conducted assessments of opportunities to reduce emissions, including an internal study on cogeneration for heat and power. Additional work on this topic is planned for 2016.

At Moa, we produced 626 kt of CO_2 equivalent during 2015, a slight decrease from the 637 kt emitted in 2014. We consumed a total of 7,982,000 GJ of energy in 2015, including generated and purchased electricity. Significant progress was made on the construction of a 2,000 tonnes/day sulphuric acid plant, which will allow us to produce more of our own acid as an input to our process and reduce imported acid, and will produce by-product steam, which will reduce fuel oil combustion. Once fully operational, the acid plant is expected to reduce CO_2 emissions at Moa by approximately 100 kt per year.

Oil & Gas and Power (OGP) reported the production of 1,611 kt of CO_2 equivalent during 2015 from the Boca de Jaruco, Puerto Escondido and Varadero facilities. Our Oil & Gas operations reported energy usage of 35,966 GJ and our Power facilities consumed 26,404,045 GJ. OGP also flared 89.2 million m^3 of hydrocarbons associated with its oil production processes during the year. OGP's preventative maintenance program ensures optimal operation of our equipment, and we conduct quarterly monitoring of any emissions from our key sources to verify proper combustion.

Since 2007, Energas has generated well over one million Clean Development Mechanism (CDM) credits at the Varadero combined cycle power generation facility in recognition of its low GHG emissions relative to other sources of electricity in Cuba. While there are many benefits to the program, the relative administrative costs are significant and, due to Sherritt's financial constraints, our participation has diminished in recent years. Read this case study for more information on our efforts to obtain CDM credits over the last few years.

Air Quality

In 2015, Sherritt experienced two air quality incidents, both at Ambatovy. One involved a release of H_2S at the plant site that led to the fatality of a worker (refer to Health and Safety Performance for further commentary). The second involved a minor process emission of SO_2 that posed a temporary health risk to the nearby community (refer to Public Safety Performance for information on our response).

	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power
Air emissions – NO_X	3.2 µg/m^3	1,600 tonnes	1,582 tonnes	6,069 tonnes
Air emissions – SO_X	10.3 µg/m^3	87 tonnes	15,874 tonnes	12,817 tonnes
Air emissions – TPM	6.7 µg/m^3 PM10	60 tonnes	Not calculated	Not applicable

Note: In Madagascar, our current monitoring system records air emissions as a concentration rather than a total mass (which is what we monitor at our other operations), and we base our ambient air quality observations at ground level. So we are unable to normalize these data across Sherritt.

Our sources of emissions to the atmosphere are regulated under requirements in the various jurisdictions where we operate. In Madagascar, our current monitoring system records air emissions as concentration rather than as a total mass (which is what we monitor at our other operations), and we base our ambient air quality observations at ground level. So we are unable to normalize these data across Sherritt. This is also the first year we are including data on air emissions from Ambatovy in our report. Ambatovy emissions include: SO_2 from the start-up of the acid plant, ammonia from refinery scrubbers and vents, H_2S from the mixed-sulphide and hydrogen sulphide plants, NO_x from fossil fuel use (from gensets, the coal-fired power plant and mobile equipment), and PM with a diameter of less than 10 microns from stockpiles, the power stacks and roads.

Our 2015 emissions at Fort Saskatchewan are consistent with historical levels. Most of the NO_x and SO_x emissions come from our utility generation (natural gas combustion) and fertilizer production (sulphuric acid production) activities. Ammonia is released primarily from ammonia scrubbers in the metals refinery, which uses an ammonia-based leaching process. The PM is generated primarily from the production of ammonium sulphate fertilizer and from traffic on unpaved roads. Additional information on air quality in Fort Saskatchewan can be found on the Fort Air Partnership website.

In Cuba, Moa's NO_x and SO_x emissions are generated from the sulphuric acid plant and the powerhouse. The 2015 volumes are in line with amounts discharged in 2014. OGP's NO_x and SO_x emissions showed a decrease from the previous year, due to the optimal operation of the equipment at our OGP facilities.

ENVIRONMENTAL LIABILITIES, CLOSURE AND RECLAMATION

MANAGEMENT APPROACH

The reputation of the mining sector has been affected by the historical mismanagement of mine properties that closed before regulations were in place to address closure and associated costs. We take seriously our responsibility to provide adequate financial resources to address the closure of our properties once reserves have been depleted.

Regulations have been strengthened around the world. As part of the permitting process, mining and energy companies are now required to prepare closure plans with associated cost estimates, and to provide host governments with financial assurance to cover the costs of environmental remediation in case the company is no longer able to complete the work. In addition to these regulatory requirements, international accounting and securities exchange rules require public companies to account for the reasonably expected liabilities associated with the closure of mining and energy properties. These estimates, like those provided to host governments, are based on the closure plans and assumptions contained therein.

We comply with regulatory requirements regarding closure planning and related environmental rehabilitation obligations, cost estimates and financial assurance in each of the jurisdictions where we operate. We also meet the requirements of the Ontario Securities Commission, which obliges publicly listed companies in Ontario to estimate and disclose their environmental rehabilitation provisions. We review these provisions on a quarterly basis. Whenever possible, we engage in the progressive reclamation of our properties over the life of the operation, rather than initiate such activities at the time of closure.

PERFORMANCE

The current estimate of Sherritt's share of total anticipated future closure and reclamation costs to be incurred over the life of the company's various assets and investments is approximately $107.8 million (excluding operating expenses).

In 2015, we continued to carry out our environmental liability obligations related to the containment pond breach at the Obed mine, a non-operational coal mine in Alberta that we owned at the time of the incident in 2013. Our 2015 remediation work is described under Tailings Management.

Closed Properties

As part of our acquisition of Dynatec Corporation in 2007, we inherited three now-closed assets from Highwood Resources Ltd.:

1. **Mineral King**, a former lead-zinc and barite mine and processing facility near Invermere, British Columbia. In 2014, Sherritt completed the reclamation work plan as required by the provincial regulator. Portals for accessing the mine were covered and secured, coverage of the tailings pond with topsoil was completed, access roads were pulled back, and designated areas were seeded and fertilized. A 2015 inspection by British

Columbia's regulator required additional work on the portals and surface depression. This work is planned for 2016/2017. Once reclamation is complete and approved by the government, we intend to transfer future liability to the new property owner.

2. **Parsons**, a former barite mine and processing facility near Parson, British Columbia. In 2014, we completed the regulator's reclamation work plan, which involved: a general clean-up, monitoring, seeding, and the removal of an invasive species. A 2015 inspection by the regulator has required additional geotechnical, geochemical, and subsidence closure work, which is planned for 2016/2017. Once vegetation is re-established and land certification requirements are met, we will take steps to release the property to the provincial government.
3. **Canada Talc**, a former talc mine in Madoc, Ontario, and processing facility near Marmora, Ontario, and associated claims areas. In 2012, remediation of the mine was completed and the processing facility was sold. The Ontario regulator retained a security deposit for further surface and groundwater sampling and geotechnical monitoring, which will continue until 2017.

Current Operations

All of our mining assets that are currently operational have more than 20 years of resources and production capacity in their lifecycles. Each has up-to-date closure plans that meet host jurisdiction regulations and cost estimates that we believe reasonably and appropriately address the liabilities at each site.

In 2015, Ambatovy continued its work on a mine restoration strategy, including the cost estimates for the mine site restoration. The operation also engages in planning discussions on a quarterly basis with our finance department about projected environmental rehabilitation obligation costs.

At Fort Saskatchewan, our closure plan incorporates a set of robust considerations which account for both likely and unlikely obligations that we may need to address, and our current cost estimates cover the reasonable obligations.

For our OGP operations, all assets will revert back to the Cuban state for closure, as outlined in our permits and related agreements.

For information on our reclamation activities in 2015, please refer to Biodiversity and Land Performance.

ENGAGING STAKEHOLDERS AND BENEFITTING COMMUNITIES

Effective stakeholder engagement enables us to build and strengthen social license. It is crucial for building mutual understanding, support and benefits with host communities, governments, workers and business partners. For mining and energy companies like ours to be truly sustainable, we must establish and maintain productive relationships with our stakeholders and maximize the shared benefits of our activities. That is what contributes to long-term prosperity and positions those that do it well to be the partner of choice.

We take a thoughtful, sincere and ethical approach to engaging stakeholders and catalyzing the development of sustainable communities. We recognize that a significant part of our role is to help build human and institutional capacity wherever we operate so that local communities can achieve their development goals.

In 2015, we:

- Participated in over 400 community meetings across all operations
- Recorded a more than 60% drop in the number of community grievances filed compared to last year, due in large part to successfully addressing the longer-term impacts of Ambatovy's construction activities
- Published new enterprise-wide standards for stakeholder engagement and community investment
- Contributed over C$1 billion in economic benefits to host communities and countries

STAKEHOLDER ENGAGEMENT +

COMMUNITY DEVELOPMENT +

STAKEHOLDER ENGAGEMENT

MANAGEMENT APPROACH

Stakeholder engagement is critical for establishing a mutual understanding of one another's needs, interests, aspirations and concerns. That perspective is a key input for making decisions to support business objectives related to growth, risk management and operational excellence, and for collaborating to address local stakeholder priorities. Simply put, constructive stakeholder relationships are essential to securing and maintaining our social license to operate and creating mutually beneficial outcomes.

Our approach to stakeholder engagement is to systematically identify our stakeholders and engage with them through ongoing dialogue to share information about our business, respond to questions, listen to their observations and act on their concerns, as appropriate.

In general, we prioritize our level of engagement with different stakeholder groups based on their proximity to – and interest in – our activities and their ability to influence our business. At the operational level, the practical outcome of this prioritization is that our workforce, business partners, local communities and host governments tend to be our most important stakeholder groups. The diagram below shows our key stakeholder groups at both the corporate and operational levels.

SHERRITT'S KEY STAKEHOLDER GROUPS		
EMPLOYEES AND THEIR REPRESENTATIVES	COMMUNITIES	GOVERNMENT
FINANCIAL COMMUNITY	BUSINESS PARTNERS	CUSTOMERS AND SUPPLIERS
NGOs/CIVIL SOCIETY	MEDIA	INDUSTRY PEERS AND ASSOCIATIONS

Our engagement tactics vary based on the nature of the interaction and the stakeholder groups involved. For instance:

- We engage regularly with local communities and employees through formal meetings and town halls, small-group and one-on-one interactions, surveys and grievance mechanisms.

- We work closely with our business partners through governance bodies and ongoing discussions to address material issues and opportunities.
- Our procurement and marketing teams are in constant communication with our suppliers and customers, to ensure smooth operations and customer satisfaction.
- Our investor relations department manages proactive and reactive interactions with investors, analysts and media, always in accordance with securities requirements.
- We meet with government officials in all our operating jurisdictions to build relationships, manage regulatory affairs and advocate on policy issues of importance.
- We manage partnerships with developmental non-governmental organizations and respond to advocacy groups, as needed.
- We take an active role in various industry associations, to advance sector-wide concerns, align with broader expectations and contribute to innovation.

Corporate Standards to Support Stakeholder Engagement

We have policies and standards on engaging investors, media, government and employees; however, to ensure a consistent approach to stakeholder engagement, we established a stakeholder engagement standard in 2015 that applies across the company. It describes our expectations for stakeholder identification and mapping, annual engagement planning, engagement processes and practices, how to record dialogue, and how to respond to feedback and views received from stakeholders. We also have a complementary indigenous relations standard that sets out our commitment to building mutually beneficial relationships with indigenous peoples affected by our activities in a way that recognizes and respects their unique rights and cultural attributes.

An important aspect of engaging with our stakeholders and building social license is listening and responding to community concerns and incidents. Our ongoing community relations activities are designed to capture and resolve most of these issues before they escalate. But for those issues that do, it is important to have a credible community grievance mechanism in place. As described under Human Rights, all sites have some type of mechanism in place. We also plan to develop a company-wide grievance management standard in 2016 to provide clear expectations on how we collect, classify, investigate, respond to and close out operational-level community grievances.

Diverse Operating Environments

Although we see the value of taking a structured and consistent approach to stakeholder engagement at all of our sites, the breadth and depth of engagement activities will vary greatly, given the disparate nature of each of our operating environments. Our Fort Saskatchewan refinery has been in operation since 1954 and is located within the city limits of a well-developed urban area near Alberta's capital. The refinery is located within an industrial zone with several other heavy-industry businesses. Local residents are familiar with the nature of industrial activities, including their benefits and potential risks. Because of this level of awareness and understanding, and our mature relationships

in the community, we can take a practical and targeted approach to our engagement activities with the community, government and industry. Watch this video to learn more about life in Fort Saskatchewan.

In Cuba, we have two longstanding joint ventures with state-owned entities. As such, our engagement is focused on our partners and the central government. For community investment initiatives, we work closely with provincial and municipal governments and with non-governmental organizations that have a presence on the island. We see opportunities to build on our good relations with the government to ensure our evolving approach to engagement aligns with the operating context in Cuba.

Our most robust stakeholder engagement program takes place at Ambatovy, given its size and location in the biodiverse and impoverished country of Madagascar. Ongoing dialogue through several channels with local residents, the host government and a variety of civil society organizations has been, and continues to be, important in building mutual understanding, managing expectations and earning our social license.

PERFORMANCE

Community Relations

	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Total
Number of community meetings	364	43	8	24	439

We continue to engage regularly with the communities that surround our operations in all of our jurisdictions. We took part in 439 community meetings in 2015, and are pleased to report that there were no significant community incidents or disruptions during the year.

Ambatovy held a total of 364 community meetings during the year. Significant themes included Ambatovy's operations, impacts and benefits to Madagascar; local governance; royalty payments; the commodity pricing environment; rumours and misinformation; public health and safety concerns; community-based environmental conservation; and security awareness.

Fort Saskatchewan participated in a total of 43 community meetings in 2015. This participation included direct engagements with municipal authorities, educational institutions, charitable organizations and industry, open houses, and multi-stakeholder meetings such as those led by the Northeast Capital Industrial Association. These interactions provide us with insights into the cultural, social, political and industrial fabric of the community, as its aspirations and concerns evolve. We also make special efforts to stay connected with former employees. As the refinery has been operating for more than 60 years, there are many multi-generational families of workers – as well as "alumni" – living in the area who remain interested in the company and who serve as our informal ambassadors.

In Cuba, we participated in 32 meetings involving municipal and provincial authorities in Moa and the communities near our Oil & Gas and Power facilities. Meetings primarily related to the planning, execution and review of community development projects.

Community Grievances

In 2015, Ambatovy received 236 community grievances, 229 of which were addressed while seven were rejected for not meeting the credibility requirements outlined in the grievance management process. A total of 316 grievances were resolved in 2015 (including those that had accumulated from previous years).

Of the 236 grievances received last year, 231 related to impacts on society, predominantly impacted rice fields from construction activities, and a few were linked to other livelihood impacts, land acquisition and other issues. In response to the key issue of impacted rice fields, Ambatovy worked to restore rice paddies, where possible, and compensate farmers for their losses. Five grievances were environmental in nature, relating to water contamination by elevated levels of manganese (described under Water Quality), and odour resulting from gas released at the plant.

We recorded a 62% year-over-year decrease in the number of grievances received compared to 2014. We attribute this decline to the success of face-to-face consultations, significant progress on the completion of rice field restoration (which was a considerable issue during construction), as well as the increasing maturity and stability of our operations.

Two complaints relating to damaged infrastructure were received at Moa, but, after investigation, they were not addressed as grievances as they did not meet the requirements of the Cuban mechanism. No other community-related grievances were reported across the organization.

Government Relations

In 2015, we continued our government relations activities to build key relationships and address regulatory and political risks and opportunities in the jurisdictions where we operate. Throughout the year, we met regularly with high-ranking representatives of national, provincial, regional and local governments, diplomatic missions and multilateral organizations. Priorities included:

- Building relationships with the new Alberta and Canadian governments
- Securing approvals for permits and capital projects in Cuba, and ensuring they move forward in a timely manner
- Supporting the priorities of the Cuban government for national development and foreign investment
- Addressing governance challenges in Madagascar to ensure national laws and regulations are respected by all parties and remain stable and predictable
- Contributing to consultations on climate change and emissions-related policy in Alberta

- Encouraging stronger Canada–Cuba and Canada–Madagascar relations
- Building support for our concerns with U.S. sanctions on Cuba that affect us, as relations between those two countries begin to normalize

In 2015, we drafted an important agreement with the Government of Madagascar relating to the payment of several millions of dollars in value-added tax (VAT) that is owed to Ambatovy. The agreement, which covers these arrears as well as go-forward VAT payments, is expected to be signed in early 2016.

Additional information on our political and regulatory risks can be found in our 2015 Annual Information Form, including an overview of how we are affected by the U.S.'s Cuba embargo and the Helms–Burton Act, which, among other things, prohibit us from doing business in the U.S. or with American entities.

Partnerships

Partnerships with non-governmental organizations (NGOs) and other civil society organizations continue to play a key role in our approach to addressing stakeholder issues and opportunities. Over the years, we have enjoyed mutually beneficial relationships with NGOs in Madagascar, Canada and Cuba. In 2015, we had more than 40 active partnerships with local, national and international NGOs and civil society organizations. The vast majority of these partnerships involved our work at Ambatovy in Madagascar, in particular to support environmental conservation and management. For a complete list of Ambatovy's active partnerships, visit the Partnerships page on Ambatovy's website.

In 2015, Ambatovy entered into three significant partnerships with international NGOs. Two involved Conservation International and Asity Madagascar (which is associated with BirdLife International) in conservation work in biodiversity offset areas that Ambatovy is responsible for (refer to Biodiversity and Land Management for more information). A third partnership was established with Search for Common Ground (SFCG), a well-respected peacebuilding and conflict transformation NGO. The partnership agreement is centred on accomplishing two primary objectives:

- To enhance the capacity of Ambatovy staff and local community members to engage in constructive, solution-oriented dialogue, in order to build trust and improve mutual comprehension among both groups so they can work through issues of concern more effectively, and
- To strengthen stakeholder understanding of the role of local authorities and communities in advancing good governance, and the role of government and other actors (NGOs, industry, etc.) in building sustainable communities and supporting participatory development, with the aim of enhancing the broader capacity for achieving community development aspirations.

Multi-Stakeholder Initiatives and Associations

In 2015, we participated in 22 multi-stakeholder initiatives and industry associations to engage in constructive dialogue and/or strategic activities with stakeholders that share a common interest in the issues that matter to our business. Below is a list of the groups we participated in last year. Significant topics that they pursued included application of voluntary standards, understanding and influencing regulatory developments in various jurisdictions, sharing and developing best practices, improving governance in the sector, identifying emerging trends, opportunities and risks, and broadening networks and perspectives.

- American Chamber of Commerce in Madagascar (G, $)
- Business and Biodiversity Offsets Programme (C, S, $)
- Business Council of Canada
- Calgary Petroleum Club
- Canadian Council on Africa (G)
- Chambre des Mines de Madagascar (G, S, C)
- Western Canadian Shippers' Coalition
- Cobalt Development Institute (G, S, C)
- Devonshire Initiative (S)
- Diadem Group
- Extractive Industries Transparency Initiative (G, S, C)
- Fertilizer Canada (S, C)
- Groupement des Entreprises de Madagascar
- Groupement des Entreprises de Toamasina
- London Benchmarking Group Canada
- Mining Security Working Group
- Nickel Institute (G, S, C)
- Northeast Capital Industrial Association (G, S, C)
- Northeast Region Community Awareness and Emergency Response (G, S, C)
- Prospectors & Developers Association of Canada (S)
- Syndicat des Industries de Madagascar (C)

- Voluntary Principles Initiative (S)

G – Held a position on the governance body in 2015

C – Participated in projects or committees in 2015

$ – Provided substantive funding beyond routine membership dues in 2015

S – Views membership as strategic

COMMUNITY DEVELOPMENT

MANAGEMENT APPROACH

Now more than ever, stakeholders – from local communities to host country governments and civil society organizations – expect to experience tangible benefits and increases in their standard of living from natural resource extraction and processing. This is particularly true in jurisdictions where economic development has lagged, infrastructure is lacking and human development indices are low.

Within the industry, there is recognition that mining and energy companies have a role that extends beyond the simple provision of returns to shareholders. For a company to be truly sustainable, it must build broad social license and demonstrate that it delivers a net-positive benefit to local communities and to society as a whole. That is why benefitting people and helping catalyze the development of sustainable communities is so important to us.

Managing the expectations of local stakeholders, particularly in less-developed jurisdictions, is paramount, especially as we struggle with the low commodity pricing environment. When a large business enters an undeveloped jurisdiction, there are often expectations that it will solve many, if not all, of the area's inherent socio-economic challenges. We are committed to helping improve the lives of people in and around our operations, but we rely on host country governments to discharge their obligations regarding basic services, particularly in the areas of health, education and infrastructure.

Because of the diverse operating contexts of our sites, the range of community development priorities varies dramatically. Community needs differ significantly from Canada to Cuba to Madagascar. As such, we have adopted a flexible approach to community development, while at the same time establishing company-wide guidance that ensures our values and expectations are preserved. In each jurisdiction, our investment decisions strive to support:

- Socio-economic development
- Public health and safety
- Natural and cultural heritage

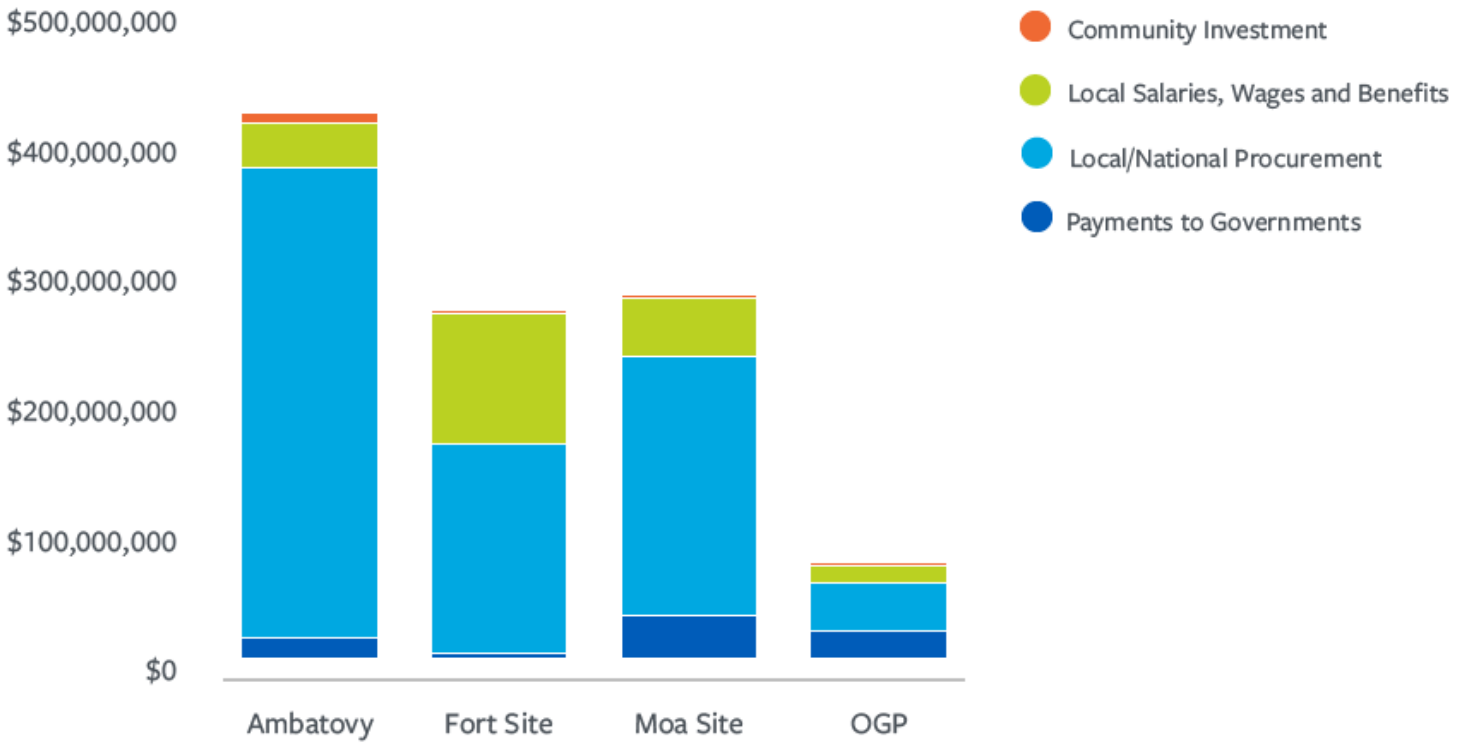
In addition, our community investment standard, which we revised in 2015, aligns with evolving good practice to maximize the value of our contributions, both to the recipients and to our business. (The standard was assessed by London Benchmarking Group (LBG) Canada as part of the design process.) It requires that we establish employee-led community investment review committees (CIRCs) at divisional and corporate levels to provide governance and oversight of decision-making. We take great care to avoid real or perceived conflicts of interest and to ensure spending complies with our business ethics and anti-corruption policies. All community investment reporting is now assured by LBG Canada on an annual basis.

PERFORMANCE

Economic Benefit Footprint

When evaluating the overall financial impact that our presence delivers at local and national levels, we measure our economic benefit footprint, which includes payment of taxes, royalties and other monies to governments, the procurement of goods and services at the local and national levels, payment of local salaries, wages and employment benefits, and community investment spending. In 2015, we contributed more than C$1 billion in economic benefits to local communities and host governments at our operations around the world. The following table presents a breakdown of our economic benefit footprint for the year.

(C$)



Approximately three-quarters of our benefit footprint results from the purchase of goods and services from local- and national-level suppliers serving our operations. Given that Madagascar did not have a large-scale mining industry in place prior to our arrival, the Ambatovy Joint Venture has invested great effort in developing a local supply chain. The Ambatovy Local Business Initiative (ALBI) provides support to local businesses and entrepreneurs through training, mentoring and capacity-building programs. ALBI was created to fulfill Ambatovy's "buy locally, hire locally" policy. To this end, ALBI is fully integrated within Ambatovy's Supply Chain Management Department to identify local businesses capable of responding to company and market needs. By maximizing local procurement, Ambatovy

provides a much-needed impetus to the Malagasy economy and to entrepreneurs. Read about ALBI's work in 2015 in this case study and go here to learn about a small but promising ALBI-funded project involving wood recycling.

Local salaries and wages account for our second-most-significant contribution, reflecting the importance of our sector in raising the standard of living and creating wealth in communities adjacent to operations – in both developed and developing jurisdictions – through well-paying jobs.

Our payments to governments in 2015 also represented a significant contribution to host countries and communities. We strive to ensure that these payments are openly and transparently reported so that our contributions to national, regional and local governments are recognized, and to encourage accountability for the spending of those funds, which should go towards building essential infrastructure and increasing access to education and healthcare, especially for populations near our operations. As a Supporting Company of the Extractive Industries Transparency Initiative (EITI), we are committed to transparent reporting of payments to governments. Ambatovy has actively encouraged and supported the Government of Madagascar's EITI candidacy and reporting efforts over the last several years and is an active member of the National EITI Committee. Visit this website to review EITI Madagascar's latest report, which was published in 2015. Sherritt also developed a process to meet the reporting requirements of the Government of Canada's Extractive Sector Transparency Measures Act (ESTMA), which requires companies in the sector to publish payments to governments in all jurisdictions. ESTMA came into force in mid-2015.

In Madagascar, Ambatovy has undertaken a collaborative approach to developing a mechanism to distribute royalty payments to local communities. Read this case study to learn more.

Community Investment

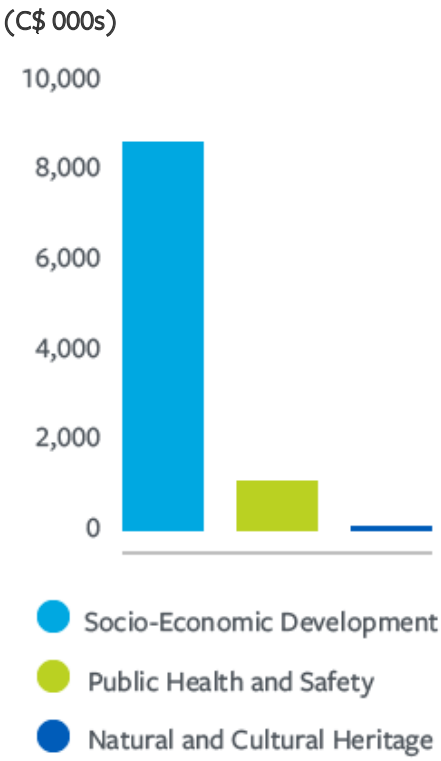
Community investment expenditures represent a little less than 1% of our total economic benefit footprint. Not surprisingly, Ambatovy is responsible for allocating the most significant portion of Sherritt's community investment budget, reflecting the significant community development needs in Madagascar. Ambatovy's central mechanism for investing in communities is the Social Investment Fund (SIF), a one-time $25 million allocation established in 2012 in partnership with the Government of Madagascar. The SIF supports several projects, such as improving access to sanitation, strengthening youth development and education, and enhancing civil protection. In order to be approved, projects require support from beneficiary communities, the government and Ambatovy. By the end of 2015, the entire SIF amount was allocated to 17 approved projects.

The table and graph below show the relative focus areas of our community investment, with the vast majority of investment contributing to socio-economic development.

Focus Areas

	Investment	Percentage
Socio-economic development	$8,672,029	87.4%
Public health and safety	$1,134,167	11.4%
Natural and cultural heritage	$114,713	1.2%
Total	**$9,920,908**	**100.0%**

Note: These figures are reported on a 100% ownership basis. They also include: contributions from corporate and administrative offices that do not directly benefit communities around our operating sites; all in-kind and leveraged investments; voluntary contributions from our entire workforce, including temporary and contract workers; all program management costs; and all community investments that were made in 2015, regardless of the eligibility criteria set out in the audit conducted by London Benchmarking Group Canada. These considerations account for the discrepancy between this community investment total and that used in the Economic Benefit Footprint table and the G4-EC1 table.



In Cuba, we have been providing about half a million dollars in annual funding for important projects relating to public health and safety, transportation, sanitation, education and culture in communities adjacent to our operations for 10 years, as part of our longstanding commitment to sharing prosperity with the Cuban people. Every project we fund is directly linked to Cuba's national, provincial and local development priorities. We believe that Cuba provides a

model in development planning for other jurisdictions to emulate, and we are proud to support the country's efforts. Refer to this case study for additional information on our contributions to Cuba in 2015.

In Fort Saskatchewan and in Calgary and Toronto, where we have administrative offices, community investment is much less significant and is used to support employee engagement, philanthropy and meeting the needs of the less fortunate. Our head office in Toronto also makes strategic investments to support divisional priorities, such as conservation programs in Madagascar and community health in Fort Saskatchewan. In 2015, the corporate office had initial conversations with international development organizations and non-governmental organizations on establishing a significant partnership for a flagship community investment program in one or more of our operating jurisdictions, to help strengthen our reputation as the partner of choice, who is truly committed to "shared prosperity".

For 2016, we will uphold our longstanding community investment commitments and continue to pursue strategic opportunities that allow us to leverage partnerships, establish a flagship project and build our reputation and social license, while being conscious of the financial challenges that affect our ability to make such investments.

This report aligns with the Global Reporting Initiative's G4 Sustainability Reporting Guidelines, and showcases how we support international principles relating to sustainable development. All data are based on the calendar year, and all references to currency are in Canadian dollars, unless otherwise noted.

2015 TARGETS +

GRI INDEX +

UNGC +

SDG +

OECD +

2015 TARGETS

The table below is a summary of the progress we made in 2015 against annual targets for driving improvements in our sustainability performance, building industry-leading processes for sustainability management, and receiving external recognition as a leader in responsible mining and energy production. We achieved 11 of our 15 targets in 2015, and will look to build on this performance in 2016.

2015 Target	Performance	Comments
PERFORMANCE		
Achieve zero fatalities across Sherritt	✗	Four fatalities occurred in 2015 at Ambatovy (three were related to operational activities and one was a suspicious death linked to fuel theft that remains under investigation by the authorities).
Achieve a total recordable injury frequency (TRIF) of less than 0.50 injuries per 200,000 work hours	✓	Our TRIF was 0.41 in 2015.
Achieve a lost time injury frequency (LTIF) of less than 0.18 injuries per 200,000 work hours	✓	Our LTIF was 0.14 in 2015.
Achieve zero high-severity environmental incidents across Sherritt	✗	One high-severity incident occurred at Ambatovy: a leak from the tailings management facility's outfall line resulted in short-term elevated levels of manganese in local drinking water wells.
Obtain environmental certificate for Ambatovy's financial completion	✓	The certificate was received and financial completion was achieved in September 2015.
Improve employee engagement	✓	Employee engagement improved by 11% between 2011 and 2015, as measured by an independent survey.
Achieve zero work stoppages caused by community protests across Sherritt.	✓	None were recorded in 2015.

2015 Target	Performance	Comments
PROCESS		
Improve leading health and safety indicators at all sites	✓	We increased our focus on formally reporting leading indicator activities across all operations and began reporting trends to the Board of Directors in 2015.
Improve sustainability reporting to present key performance indicators related to social license and risk management	✓	We overhauled the Board report and realigned the sustainability report with GRI G4.
Roll out Sherritt's vision and values statement, known as Our Purpose and Our Promises, to employees	✗	This was initiated but not completed in 2015. To be completed in 2016.
Initiate multi-year plan to design and implement minimum sustainability standards across the company	✓	Our multi-year implementation plan is in place.
Develop company-wide standards for significant potential incidents and stakeholder engagement, and update policies/standards for anti-corruption, community investment, and human rights	✓	All of these standards and revised policies have been approved.
Initiate company-wide implementation of the Voluntary Principles on Security and Human Rights	✓	We finalized the design of the standards and procedures in 2015, as a first step in the implementation process.
Revise corporate crisis management standard and plan to better align with evolving international requirements	✗	This was initiated but not completed in 2015. To be finalized in 2016.

2015 Target	Performance	Comments
RECOGNITION		
Receive external recognition for Sherritt's sustainability performance	✓	We received the Syncrude Award for Excellence in Sustainable Development from the Canadian Institute of Mining, Metallurgy and Petroleum, and the Green Star Award for emergency prevention from the United Nations and Green Cross International.

GRI INDEX

We have aligned our report with the Global Reporting Initiative's G4 Guidelines. See www.globalreporting.org for more information.

Standard Disclosures	Indicator Title	Location/Description
STRATEGY AND ANALYSIS INDICATORS		
G4-1	Statement from the most senior decision-maker of the organization	CEO Message

ORGANIZATIONAL PROFILE INDICATORS

G4-3	Name of the organization	About Sherritt
G4-4	Primary brands, products and services	About Sherritt
G4-5	Location of organization's headquarters	About Sherritt
G4-6	Number of countries where the organization operates, and names of countries where the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	About Sherritt – Map/Description http://www.sherritt.com/English/Our-Business/default.aspx
G4-7	Nature of ownership and legal form	About Sherritt
G4-8	Markets served	About Sherritt – Divisions/Products
G4-9	Scale of the reporting organization	About Sherritt – 2015 Key Indicators 2015 Annual Report – Page 86
G4-10	Employee/workforce details	Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Workplace Diversity

EMPLOYEE/WORKFORCE DETAILS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt	North America (Canada, Cuba)	Africa
Full-time non-supervisory (total)	2,907	635	1,801	285	253	26	5,907	3,000	2,907
Men	2,554	548	1,663	243	234	12	5,254	2,700	2,554
Women	353	87	138	42	19	14	653	300	353
Part-time non-supervisory (total)	0	7	0	2	0	3	12	12	0
Men	0	2	0	0	0	2	4	4	0
Women	0	5	0	2	0	1	8	8	0
Supervisors (total)	386	73	115	66	33	20	693	307	386
Men	321	63	110	55	31	12	592	271	321
Women	65	10	5	11	2	8	101	36	65
Contractors (total)	0	0	2	3	5	4	14	14	0
Men	0	0	2	2	5	2	11	11	0
Women	0	0	0	1	0	2	3	3	0

G4-11	Percentage of total employees covered by collective bargaining agreements	Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Organized Labour, Grievances and Strike Action

PERCENTAGE OF TOTAL EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Report the percentage of total employees covered by collective bargaining agreements.	A process is underway to set collective agreements with elected employee representatives.	49%	In Cuba, all organized labour considerations are mandated by the Cuban state and many systems and tools common in other jurisdictions are not employed there. There were no grievances reported by expatriate or Canada-based employees.		Not applicable	5% (This low percentage reflects Sherritt's significant interests in Cuba and the relative newness of Ambatovy).

G4-12	Description of the organization's supply chain	About Sherritt – Our Supply Chain
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership or supply chain	About Sherritt Operating Ethically – Economic Performance – Management Approach
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	Providing a Safe and Rewarding Workplace – Public Safety – Management Approach 2015 Annual Information Form – Page 46

G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses	Our Approach – Sustainability Framework – Management Systems Providing a Safe and Rewarding Workplace – Public Safety – Management Approach Demonstrating Environmental Responsibility – Tailings Management – Management Approach Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Performance – Multi-Stakeholder Initiatives and Associations
G4-16	Memberships of associations and national or international advocacy organizations	Our Approach – Sustainability Framework – Management Systems Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Performance – Multi-Stakeholder Initiatives and Associations

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	Entities included in the organization's consolidated financial statements	2015 Annual Report – Overview of the Business – Pages 12–13
G4-18	Process for defining report content	Our Approach – Materiality
G4-19	Priorities identified	Our Approach – Materiality
G4-20	Boundaries – Internal	Our Approach – Materiality
G4-21	Boundaries – External	Our Approach – Materiality
G4-22	Effect of any restatement of information in previous reports	About This Report 2015 Annual Report – Page 91
G4-23	Significant changes from previous reporting in scope of priorities	About This Report

STAKEHOLDER ENGAGEMENT INDICATORS

G4-24	List of stakeholder groups	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Management Approach
G4-25	Basis for identifying and selecting stakeholders	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Management Approach
G4-26	Approach to stakeholder engagement	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Management Approach Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Performance – Multi-Stakeholder Initiatives and Associations Providing a Safe and Rewarding Workplace – Labour Relations – Performance
G4-27	Topics raised through stakeholder engagement and response	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Performance – Community Relations Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Performance – Community Grievances

REPORT PROFILE

G4-28	Reporting period	About This Report
G4-29	Date of most recent report	About This Report
G4-30	Reporting cycle	About This Report
G4-31	Contact	About Sherritt
G4-32	In accordance option	About This Report We have aligned our report with the Global Reporting Initiative's G4 Guidelines Core criteria.
G4-33	External assurance policy	We do not currently have an external assurance policy, but we are in the process of reviewing whether to seek external assurance for future sustainability reporting. The 2015 report was not assured externally.

GOVERNANCE INDICATORS

G4-34	Governance structure	Our Approach – Governance

ETHICS AND INTEGRITY

G4-56	Organization's values, principles, standards and norms of behaviour	Our Approach – Our Commitment to Sustainability Our Approach – Our Purpose and Our Promises Operating Ethically – Business Conduct – Management Approach Case Study – Providing a Safe and Rewarding Workplace – Strengthening Culture and Performance by "Seizing Opportunities Together" http://sustainability.sherritt.com/2014/safe_workplace/rewarding-workplace.php

ECONOMIC INDICATORS

Material Aspect: Economic Performance		
DMA	Disclosure of Management Approach	Our Approach – Our Commitment to Sustainability Operating Ethically – Economic Performance – Management Approach 2015 Annual Report – Risk Factors – Market Conditions – Page 44 2015 Annual Information Form – Description of Business – Management of Growth – Page 63
G4-EC1	Direct economic value generated and distributed*	About Sherritt – 2015 Key Indicators Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED*

(C$ millions)

Indicator Components	Ambatovy	Moa JV and Fort Site	Oil & Gas and Power	Corporate and Other	Total Sherritt
Revenues	332.0	412.6	215.3	62.8	1,022.7
Costs					
Operating costs (cost of sales), excludes depreciation, employee costs and community investments disclosed below	315.9	282.5	73.9	55.2	727.5
Employee wages and benefits	51.5	90.8	27.6	30.9	200.8
Spending on capital	23.8	64.1	58.9	3.4	150.1
Payments to governments	6.1	19.7	21.2	–	47.0
Community investment	3.2	0.4	0.2	0.2	4.0
Total economic value distributed	400.5	457.5	181.8	89.6	1,129.4
Economic value retained or invested (pre-calculated as "Direct economic value generated" less "Economic value distributed")	(68.5)	(44.9)	33.5	(26.8)	(106.7)

* These figures reflect Sherritt's ownership share, and reporting for the Moa Joint Venture and Fort Site are combined to align with other financial disclosures.

G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Demonstrating Environmental Responsibility – Energy and Climate Change – Management Approach 2015 Annual Report – Risk Factors – Climate Change/Greenhouse Gas Emissions – Page 56

G4-EC3	Coverage of the organization's defined benefit plan obligations	2015 Annual Report – Pages 68, 88, 117, 134
G4-EC4	Financial assistance received from government	2015 Annual Report – Significant Customers – Page 55

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Financial assistance received from government*	$0	$36,000	Not applicable	$10,996,575	$0	$11,032,575

* These figures are reported on a 100% ownership basis.

Material Aspect: Market Presence

DMA	Disclosure of Management Approach	Engaging Stakeholders and Benefitting Communities – Community Development – Management Approach

G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint Local: At Sherritt, we allow each division to define who should be considered "local" in its own way, as is contextually appropriate. In Cuba, a local is a Cuban national, with special consideration for communities adjacent to our operations; in Fort Saskatchewan, a local is from the province of Alberta, with special consideration for workers who live in the Edmonton Census Metropolitan Area; and in Madagascar, a local is a Malagasy national, with special consideration for suppliers and workers from the communities surrounding our operations. Significant location of operation: Sherritt considers Ambatovy, Moa, Fort Saskatchewan, and Oil & Gas and Power (OGP) as "significant locations of operations" for sustainability reporting. Ambatovy includes several integrated sites in Madagascar that make up its operations; and OGP includes a collection of facilities in Cuba located in close proximity to each other.

PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATION

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate
Report the percentage of senior management* at significant locations of operation that are hired from the local community.	17%	97%	98%	54%	Not applicable

* Definition: Manager (of a group), Director, Controller, Senior Counsel, VP, SVP, CFO, COO, President or CEO.

Material Aspect: Indirect Economic Impacts

DMA	Disclosure of Management Approach	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Management Approach

G4-EC7	Development and impact of infrastructure investments and services supported	About Sherritt – Our Supply Chain Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Community Investment In Madagascar, Ambatovy has invested heavily in industrial and public infrastructure, in order to support its 100% value-added operations in-country. This investment includes: upgrading the Port of Toamasina and 100 km of public roads as well as developing several new projects, such as a railway line to move commodities between the Port and Ambatovy's processing plant, an electricity-generating station for the processing plant, a water treatment facility, a vocational training centre, a food distribution centre and market facilities, medical clinics, primary schools and two resettlement villages. These investments have brought new economic opportunities to Madagascar and will leave several long-term social benefits for the nearby communities; however, they have also had an impact on the quality of life of these communities by contributing to inflation, changes to traditional ways of living, and increased risks relating to road safety, among other things. In Cuba, Sherritt has invested in public infrastructure, including, among other things, street lighting; sanitation and construction equipment; roads; transportation services; and equipment for hospitals, schools and retirement homes. These investments have helped local authorities deliver needed

		social services to communities near Sherritt's operations, making an important contribution to public health and safety, and affordable and safe transportation. As these investments have been carried out to support Cuba's nationally mandated community development priorities, the negative impacts are minimal, to Sherritt's knowledge. We have been operating in Fort Saskatchewan, Alberta, for more than 60 years. As Fort Saskatchewan is a prosperous community in a developed country, there is no need – or expectation – for Sherritt to make any significant public infrastructure investments.
SI-1 (Sherritt Indicator)	Economic Benefit Footprint	Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint Case Study – Engaging Stakeholders and Benefitting Communities – Royalties Governance at Ambatovy Case Study – Engaging Stakeholders and Benefitting Communities – Community Investment in Cuba

ECONOMIC BENEFIT FOOTPRINT

(C$ millions)

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Total Sherritt
Payments to governments	15.3	3.4	32.4	21.2	72.3
Local/national procurement	361.9	161.2	199.8	36.2	759.2
Local salaries, wages and benefits	34.6	100.4	44.5	13.5	192.9
Community investment	8.1	0.1	0.3	0.2	8.7
Economic benefit footprint*	420.0	265.1	277.0	71.1	1,033.1

* This calculation includes the sum of the value of spending on local suppliers, local salaries and wages, payments to government, and community investment, all reported on a 100% ownership basis.

Material Aspect: Procurement Practices

DMA	Disclosure of Management Approach	Operating Ethically – Business Conduct – Performance – Anti-Corruption Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint Case Study – Engaging Stakeholders and Benefitting Communities – Working with Local Businesses at Ambatovy
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	

PROPORTION OF SPENDING ON LOCAL SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate
Report the percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation (such as percentage of products and services purchased locally).	42%	82%	41%	25%	Not applicable

ENVIRONMENT INDICATORS

Material Aspect: Energy

DMA	Disclosure of Management Approach	Demonstrating Environmental Responsibility Demonstrating Environmental Responsibility – Energy and Climate Change – Management Approach
SI-2 (Sherritt Indicator)	Energy consumption within the organization	Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Energy consumption within the organization (GJ)	2,008,000	5,061,000	7,982,000	26,440,000	Not applicable	41,491,000

G4-EN3	Energy consumption within the organization	Not reporting on EN3 this year (specific information required is not available). Reporting Sherritt's own indicator. Will strive to report on this next year.

Material Aspect: Water

DMA	Disclosure of Management Approach	Demonstrating Environmental Responsibility – Water – Management Approach

G4-EN8	Total water withdrawal by source	Demonstrating Environmental Responsibility – Water – Performance – Water Use

TOTAL WATER WITHDRAWAL BY SOURCE

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Total water withdrawal by source (m^3)	27,900,000	2,500,000	4,900,000	300,000	Not applicable	35,600,000

Material Aspect: Biodiversity

DMA	Disclosure of Management Approach	Demonstrating Environmental Responsibility – Biodiversity and Land – Management Approach
G4-EN13	Habitats protected or restored	Demonstrating Environmental Responsibility – Biodiversity and Land – Performance Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Performance – Closed Properties Case Study – Demonstrating Environmental Responsibility – Conserving Madagascar's Precious Orchids

HABITATS PROTECTED OR RESTORED

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Total size of protected areas (ha)	15,778	Not applicable	29	Not applicable	Not applicable	15,807

MM1	Amount of land disturbed or rehabilitated	Demonstrating Environmental Responsibility – Biodiversity and Land – Performance – Land Management

AMOUNT OF LAND DISTURBED OR REHABILITATED

Indicator Components	Units	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Total land disturbed and not yet rehabilitated (A: opening balance)	ha	2,854	100	308	40	Not applicable	3,302
Total amount of land newly disturbed within the reporting period (B)	ha	82	0	48	Not applicable	Not applicable	130
Total amount of land newly rehabilitated within the reporting period to the agreed end use (C)	ha	6	0	32	Not applicable	Not applicable	38

MM2	The number and percentage of total sites identified as requiring biodiversity management plans (BMPs) according to stated criteria, and the number and percentage of those sites with a plan in place

THE NUMBER AND PERCENTAGE OF TOTAL SITES IDENTIFIED AS REQUIRING BIODIVERSITY MANAGEMENT PLANS (BMPs) ACCORDING TO STATED CRITERIA, AND THE NUMBER AND PERCENTAGE OF THOSE SITES WITH A PLAN IN PLACE

Indicator Components	Units	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Identify the total number of sites requiring biodiversity management plans	#	1	Not applicable	1	Not applicable	Not applicable	2
Report the number (and percentage) of total sites that have been assessed under the criteria as in need of a biodiversity management plan (BMP)	#	1	Not applicable	1	Not applicable	Not applicable	2
	%	100	Not applicable	100	Not applicable	Not applicable	100
Of the number of sites in need of a BMP, report the number (and percentage) that have a BMP in place and operational	#	1	Not applicable	1	Not applicable	Not applicable	2
	%	100	Not applicable	100	Not applicable	Not applicable	100

Material Aspect: Emissions

DMA	Disclosure of Management Approach	Demonstrating Environmental Responsibility Demonstrating Environmental Responsibility – Energy and Climate Change – Management Approach
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption Sherritt will work towards better alignment with G4-EN15 next year.

DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Scope 1 emissions (kt CO_2e)	2,035	359	626	1,611	Not applicable	4,631

G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Not reporting Scope 2 emissions.
G4-EN21	NO_x, SO_x and other significant air emissions	Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – Air Quality Reported air emissions are the most significant.

NO_X, SO_X AND OTHER SIGNIFICANT AIR EMISSIONS

Indicator Components	Ambatovy*	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt**
Air emissions – NO_X	3.2 µg/m³	1,600 tonnes	1,582 tonnes	6,069 tonnes	Not applicable	9,251 tonnes
Air emissions – SO_X	10.3 µg/m³	87 tonnes	15,874 tonnes	12,817 tonnes	Not applicable	28,778 tonnes
Air emissions – TPM	6.7 µg/m³ PM10	60 tonnes	Not calculated	Not applicable	Not applicable	Not calculated

* In Madagascar, our current monitoring system records air emissions as a concentration rather than a total mass (which is what we monitor at our other operations), and we base our ambient air quality observations at ground level. So we are unable to normalize these data across Sherritt.

** The total excludes data from Ambatovy. Refer to the previous note for an explanation.

Material Aspect: Effluents and Waste

DMA	Disclosure of Management Approach	Demonstrating Environmental Responsibility – Tailings Management – Management Approach
G4-EN24	Total number and volume of significant spills	Demonstrating Environmental Responsibility – Water – Performance – Water Quality

TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Total number of significant spills (#)	0	0	0	0	Not applicable	0
Total volume of significant spills (m^3)	0	0	0	0	Not applicable	0

MM3	Total amount of overburden, rock, tailings and sludges and their associated risks	Demonstrating Environmental Responsibility – Tailings Management – Performance

TOTAL AMOUNT OF OVERBURDEN, ROCK, TAILINGS AND SLUDGES AND THEIR ASSOCIATED RISKS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Total Sherritt
Total amount of overburden, rock, tailings and sludges (tonnes)	24,950,000	Not applicable	9,950,000	Not applicable	34,900,000

Material Aspect: Compliance

DMA	Disclosure of Management Approach	Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Management Approach
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Demonstrating Environmental Responsibility – Tailings Management – Performance – Update on Remediation of Obed Containment Pond Breach Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Management Approach

MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Report significant fines and non-monetary sanctions in terms of:						
– Total monetary value of significant fines	0	0	0	0	$5,000,000	$5,000,000
– Total number of non-monetary sanctions	0	0	0	0	1	1
– Cases brought through dispute resolution mechanisms	0	0	0	0	0	0

SI-3 (Sherritt Indicator)	High-severity environmental incidents	Providing a Safe and Rewarding Workplace – Public Safety – Performance – Post-Incident Community Support

HIGH-SEVERITY ENVIRONMENTAL INCIDENTS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
High-severity environmental incidents	1	0	0	0	0	1

Material Aspect: Environmental Grievance Mechanisms

DMA	Disclosure of Management Approach	Our Approach – Sustainability Framework – Management Systems Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Management Approach
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Performance – Community Grievances

NUMBER OF GRIEVANCES ABOUT ENVIRONMENTAL IMPACTS FILED, ADDRESSED AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
a. Report the total number of grievances about environmental impacts filed through formal grievance mechanisms during the reporting period.	5	0	0	0	0	5
b. Of the identified grievances, report how many were addressed during the reporting period.	5	0	0	0	0	5
c. Of the identified grievances, report how many were resolved during the reporting period.	5	0	0	0	0	5
d. Report the total number of grievances about environmental impacts filed prior to the reporting period that were resolved during the reporting period.	1	0	0	0	0	1

LABOUR PRACTICES AND DECENT WORK INDICATORS

Material Aspect: Labour/Management Relations

DMA	Disclosure of Management Approach	Providing a Safe and Rewarding Workplace – Labour Relations – Management Approach
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	

MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES, INCLUDING WHETHER THESE ARE SPECIFIED IN COLLECTIVE AGREEMENTS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate
Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	20 days (the minimum legal requirement for the Workers' Council to respond)	2 weeks (not specified in collective agreement)	2 months (standard requirement of state-run employment agency) and additional guidance provided by Cuba's Ministry of Labor and Social Security	2 months (standard requirement of state-run employment agency) and additional guidance provided by Cuba's Ministry of Labor and Social Security	2 weeks (no collective agreement in place)

MM4	Number of strikes and lock-outs exceeding one week's duration, by country	Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Organized Labour, Grievances and Strike Action

NUMBER OF STRIKES AND LOCK-OUTS EXCEEDING ONE WEEK'S DURATION, BY COUNTRY

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Number of strikes and lock-outs exceeding one week's duration, by country	2	0	0	0	0	2

Material Aspect: Occupational Health and Safety

DMA	Disclosure of Management Approach	Providing a Safe and Rewarding Workplace – Health and Safety – Management Approach Case Study – Providing a Safe and Rewarding Workplace – Emergency Prevention and Preparedness – Cuba's Experience
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Providing a Safe and Rewarding Workplace – Health and Safety – Performance – Lost Time and Recordable Incidents

TYPE OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES, BY REGION AND BY GENDER

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power		Corporate	Total Sherritt
				(O&G)	(Power)		
Total recordable injury (TRI) index							
Employees (including supervised workers)	0.40	0.80	0.40	0.24	0.36	Not applicable	0.41
Contractors	Data not available	0.85	0.40	0.00	0.00	Not applicable	0.39
TOTAL*	0.40	0.81	0.40	0.16	0.27	Not applicable	0.41
Lost time injury (LTI) index							
Employees (including supervised workers)	0.10	0.27	0.30	0.00	0.00	Not applicable	0.13
Contractors	Data not available	0.00	0.40	0.00	0.00	Not applicable	0.23
TOTAL	0.10	0.20	0.33	0.00	0.00	Not applicable	0.14
Absentee rate (AR)**							
Employees (including supervised workers)***	2.55%	1.80%	Not applicable	0.42%	0.92%	0.40%	2.33%
Work-related fatalities							
Employees (including supervised workers)	1	0	0	0	0	0	1
Contractors	3	0	0	0	0	0	3
TOTAL	4	0	0	0	0	0	4

* We currently do not track these data by gender.

** These percentages are calculated by dividing the number of days missed per employee by 260. (A typical employee works an average of 260 days per year.) Sherritt does not track the absenteeism rate for contractors.

*** This total does not include Ambatovy expatriates, Fort Saskatchewan salaried workers, Moa workers or OGP Cuban workers. These groups will be included in future reporting.

SI-4 (Sherritt Indicator)	Emergency and crisis preparedness	Providing a Safe and Rewarding Workplace – Public Safety – Performance – Emergency Response Planning Case Study – Providing a Safe and Rewarding Workplace – Emergency Prevention and Preparedness – Cuba's Experience

EMERGENCY AND CRISIS PREPAREDNESS

Indicator Components	Units	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Percentage of locations with crisis/emergency preparedness and response plans	%	Y	Y	Y	Y	Y	100%
Percentage of sites with crisis communication plans	%	Y	Y	Y	N	N	Y	67%

G4-LA8	Health and safety topics covered in formal agreements with trade unions	Not reporting.

Material Aspect: Diversity and Equal Opportunity

DMA	Disclosure of Management Approach	Providing a Safe and Rewarding Workplace – Labour Relations – Management Approach

G4-LA12	Composition of governance bodies and breakdown of employees per employee category	Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Workplace Diversity

COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY

Indicator Components	**Total Sherritt**
a. Report the percentage of individuals within the organization's governance bodies who are under 30 years old	0%
b. Report the percentage of individuals within the organization's governance bodies who are 30–50 years old	13%
c. Report the percentage of individuals within the organization's governance bodies who are over 50 years old	87%
d. Report the percentage of individuals within the organization's governance bodies who are part of a minority group	0%
e. Other indicators of diversity where relevant	3/15 (20%) are female; remaining 80% are male

Material Aspect: Labour Practices Grievance Mechanisms

DMA	Disclosure of Management Approach	Providing a Safe and Rewarding Workplace – Labour Relations – Management Approach
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Organized Labour, Grievances and Strike Action

NUMBER OF GRIEVANCES ABOUT LABOUR PRACTICES FILED, ADDRESSED AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
a. Report the total number of grievances about labour practices filed through formal grievance mechanisms during the reporting period.	2	18	In Cuba, all organized labour considerations are mandated by the Cuban state and many systems and tools common in other jurisdictions are not employed there. There were no grievances reported by expatriate or Canada-based employees.		0	20
b. Of the identified grievances, report how many were addressed during the reporting period.	2	13			0	15
c. Of the identified grievances, report how many were resolved during the reporting period.	2	13			0	15
d. Report the total number of grievances about labour practices filed prior to the reporting period that were resolved during the reporting period.	0	3			0	3

HUMAN RIGHTS INDICATORS

Material Aspect: Non-Discrimination

DMA	Disclosure of Management Approach	Providing a Safe and Rewarding Workplace – Labour Relations – Management Approach
G4-HR3	Total number of incidents of discrimination and corrective actions taken	

TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Total number of incidents of discrimination and corrective actions taken	0	0	0*	0*	0	0

* Incidents of discrimination in Cuba are handled by the state employment agency that provides Sherritt's businesses and joint ventures on the island-nation with workers. The employment agency will require the involvement of Sherritt and/or its joint venture partners in discrimination cases, as appropriate. Such involvement has occurred in previous years.

Material Aspect: Security Practices

DMA	Disclosure of Management Approach	Providing a Safe and Rewarding Workplace – Site Security – Management Approach Case Study – Providing a Safe and Rewarding Workplace – Implementing the Voluntary Principles in Madagascar
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Providing a Safe and Rewarding Workplace – Site Security – Management Approach

PERCENTAGE OF SECURITY PERSONNEL TRAINED IN THE ORGANIZATION'S HUMAN RIGHTS POLICIES OR PROCEDURES THAT ARE RELEVANT TO OPERATIONS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate
Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	75%: Full-time 90%: Private security service providers (contractors) 100%: Government security forces Goal for 2016 is to have 100% of all security personnel trained.	Not required at these operations (security and human rights is not a material issue in these locations). However, starting in 2016, certain human rights training will be provided at the Fort Site and we will begin discussing the possibility of providing such training in Cuba with our Cuban partners.			

Material Aspect: Assessment

DMA	Disclosure of Management Approach	Operating Ethically – Human Rights – Management Approach
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Operating Ethically – Human Rights – Performance Providing a Safe and Rewarding Workplace – Site Security – Performance – Security and Human Rights

TOTAL NUMBER AND PERCENTAGE OF OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS OR IMPACT ASSESSMENTS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Total number and percentage of operations that have been subject to human rights reviews or impact assessments	1	1	1	1	Not applicable	4 (100% of operations)

Material Aspect: Human Rights Grievance Mechanisms

DMA	Disclosure of Management Approach	Operating Ethically – Human Rights – Management Approach
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	Operating Ethically – Human Rights – Performance – Human Rights Grievances

NUMBER OF GRIEVANCES ABOUT HUMAN RIGHTS IMPACTS FILED, ADDRESSED AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
a. Report the total number of grievances about human rights impacts filed through formal grievance mechanisms during the reporting period	0	0	0	0	0	0
b. i. Of the identified grievances, report how many were addressed during the reporting period	0	0	0	0	0	0
b. ii. Of the identified grievances, report how many were resolved during the reporting period	0	0	0	0	0	0
c. Report the total number of grievances about human rights impacts filed prior to the reporting period that were resolved during the reporting period	0	0	0	0	0	0

SOCIETY INDICATORS

Material Aspect: Local Communities

DMA	Disclosure of Management Approach	Engaging Stakeholders and Benefitting Communities – Community Development – Management Approach
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Community Investment Case Study – Operating Ethically – Supporting Children and Youth in Madagascar Case Study – Engaging Stakeholders and Benefitting Communities – Joint Fact Finding at Ambatovy to Address Community Concerns Case Study – Engaging Stakeholders and Benefitting Communities – Community Investment in Cuba

PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS AND DEVELOPMENT PROGRAMS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Percentage of operations with implemented local community engagement, impact assessments and development programs	1	1	1	1	Not applicable	4 (100%)

SI-5 (Sherritt Indicator)	Number of community meetings	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Community Relations

NUMBER OF COMMUNITY MEETINGS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Number of community meetings	364	43	8	24	Not applicable	439

Material Aspect: Artisanal and Small-Scale Mining

MM8	Number and percentage of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	Three small-scale sites of artisanal gold mining have been observed along the Pipeline at Ambatovy. This activity presents certain social risks and threatens the integrity of our pipeline; however, to be clear, the size and scale of this activity has been quite small and the risk is relatively low. This activity is not at all comparable with the larger-scale artisanal mining activities happening near gold mines in other parts of Africa and elsewhere. Ambatovy is working with local authorities to sensitize communities to the potential risks and dangers of these activities and to identify alternatives to enhance income and revenue. Authorities are willing to collaborate with us to address this matter. In 2015, two sites were completely closed and only intermittent exploitation was observed at the other.

Material Aspect: Resettlement		
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	To facilitate construction, Ambatovy had to resettle villagers living in the vicinity of the Tailings and Plant Site to appropriate parcels of land. Between 2007 and 2008, Ambatovy established two resettlement villages: Vohitrambato and Marovato. There was no additional resettlement held in 2015. However, Ambatovy began planning one resettlement in the mine lease area, and the physical resettlement is scheduled for 2016. Resettlement was done in strict adherence to the International Finance Corporation (IFC) Performance Standards, and guidelines set by Madagascar's national regulatory body.
Material Aspect: Closure Planning		
DMA	Disclosure of Management Approach	Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Management Approach
MM10	Number and percentage of operations with closure plans	Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Performance – Current Operations

NUMBER AND PERCENTAGE OF OPERATIONS WITH CLOSURE PLANS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
Number of operations with closure plans	1 (working on mine restoration strategy)	1	1	OGP assets will revert to Cuban State at their end of life	3*	6
Percentage of operations with closure plans	100%	100%	100%	Not applicable	100%	100%

* Refer to information on Closed Properties under Environmental Liabilities, Closure and Reclamation for more information.

Material Aspect: Anti-Corruption

DMA	Disclosure of Management Approach	Operating Ethically – Business Conduct – Management Approach
G4-SO4	Communication and training on anti-corruption policies and procedures	Operating Ethically – Business Conduct – Performance – Anti-Corruption Case Study – Operating Ethically – Rolling Out Anti-Corruption Training

COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt	North America (Canada, Cuba)	Africa
b. Report the total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, and trained on, broken down by employee category and region.*						54% (1,864 out of 3,460 eligible employees)	96% (423 out of 441 eligible employees)	48% (1,441 out of 3,019 eligible employees)
Report the total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region	8,700 contractors from 107 different contractor companies trained		0	All contracts that empower suppliers to represent Sherritt are to include appropriate safeguards to ensure compliance with our Anti-Corruption Policy. Contractors are not required to do training at this time.	0	8,644	0	8,644
a & d. Report the total number and percentage of governance body members that have received training on anti-corruption, broken down by region (training includes being communicated to)**	2/2 100%		3/3 100%	4/4 100%	8/8 100%	17/17 100%	15/15 100%	2/2 100%

* Only Sherritt workers in Canada and Madagascar, as well as expatriates located elsewhere, are currently eligible for training. Training for other joint venture partners and workers is not within the scope of Sherritt's policy at this point. We are, however, exploring opportunities to provide a high-level presentation on anti-corruption to Cuban nationals, so they have greater awareness of Canadian and international standards in this evolving area.

** Those eligible for this training include: Sherritt's Board of Directors and Sherritt employees who sit on boards of subsidiary companies or joint ventures. Non-Sherritt representatives are not within the scope of the policy's training requirements at this time.

G4-SO5	Confirmed incidents of corruption and actions taken	Not reporting.
Material Aspect: Grievance Mechanisms for Impacts on Society		
DMA	Disclosure of Management Approach	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Management Approach – Corporate Standards to Support Stakeholder Engagement Operating Ethically – Human Rights – Management Approach
G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Performance – Community Grievances

NUMBER OF GRIEVANCES ABOUT IMPACTS ON SOCIETY FILED, ADDRESSED AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

Indicator Components	Ambatovy	Fort Site	Moa Site	Oil & Gas and Power	Corporate	Total Sherritt
a. Report the total number of grievances about impacts on society filed through formal grievance mechanisms during the reporting period.	231	0	2	0	Not applicable	233
b. Of the identified grievances, report how many were addressed during the reporting period.	231	0	0	0	Not applicable	231
c. Of the identified grievances, report how many were resolved during the reporting period.	231	0	0	0	Not applicable	231
d. Report the total number of grievances about impacts on society filed prior to the reporting period that were resolved during the reporting period.	86	0	0	0	Not applicable	86

UNITED NATIONS GLOBAL COMPACT (UNGC)

Please see www.unglobalcompact.org for more information on the UNGC.

UN Global Compact Principles Reference	Location/Description
PRINCIPLE 1: HUMAN RIGHTS Businesses should support and respect the protection of internationally proclaimed human rights.	G4-11 G4-LA6 G4-HR3 G4-HR7 G4-HR9 G4-HR12 G4-SO1 MM9 Operating Ethically – Human Rights – Performance Operating Ethically – Human Rights – Performance – Human Rights Grievances Providing a Safe and Rewarding Workplace – Site Security – Management Approach Providing a Safe and Rewarding Workplace – Health and Safety – Performance – Lost Time and Recordable Incidents Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Organized Labour, Grievances and Strike Action Providing a Safe and Rewarding Workplace – Site Security – Performance – Security and Human Rights

	Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Community Investment Case Study – Operating Ethically – Supporting Children and Youth in Madagascar Case Study – Engaging Stakeholders and Benefitting Communities – Joint Fact Finding at Ambatovy to Address Community Concerns Case Study – Engaging Stakeholders and Benefitting Communities – Community Investment in Cuba To facilitate construction, Ambatovy had to resettle villagers living in the vicinity of the Tailings and Plant Site to appropriate parcels of land. Between 2007 and 2008, Ambatovy established two resettlement villages: Vohitrambato and Marovato. There was no additional resettlement held in 2015. However, Ambatovy began planning one resettlement in the mine lease area, and the physical resettlement is scheduled for 2016. Resettlement was done in strict adherence to the International Finance Corporation (IFC) Performance Standards, and guidelines set by Madagascar's national regulatory body.
PRINCIPLE 2: HUMAN RIGHTS Businesses should make sure that they are not complicit in human rights abuses.	G4-HR3 G4-HR7 G4-HR9 G4-HR12 Providing a Safe and Rewarding Workplace – Site Security – Management Approach Providing a Safe and Rewarding Workplace – Site Security – Performance – Security and Human Rights Operating Ethically – Human Rights – Performance

	Operating Ethically – Human Rights – Performance – Human Rights Grievances
PRINCIPLE 3: LABOUR Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	G4-11 G4-LA4 MM4 Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Organized Labour, Grievances and Strike Action
PRINCIPLE 6: LABOUR Businesses should uphold the elimination of discrimination in respect of employment and occupation.	G4-10 G4-EC6 G4-LA12 G4-LA16 Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Workplace Diversity Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Organized Labour, Grievances and Strike Action Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint Sr. Management: Manager (of a group), Director, Controller, Senior Counsel, VP, SVP, CFO, COO, President or CEO Local: At Sherritt, we allow each division to define who should be considered "local" in its own way, as is contextually appropriate. In Cuba, a local is a Cuban national, with special consideration for communities adjacent to our operations; in Fort Saskatchewan, a local is from the province of Alberta, with special consideration for workers who live in the Edmonton Census Metropolitan Area; and in Madagascar, a local is a Malagasy national, with special consideration for

	suppliers and workers from the communities surrounding our operations. Significant location of operation: Sherritt considers Ambatovy, Moa, Fort Saskatchewan, and Oil & Gas and Power (OGP) as "significant locations of operations" for sustainability reporting. Ambatovy includes several integrated sites in Madagascar that make up its operations; and OGP includes a collection of facilities in Cuba located in close proximity to each other.
PRINCIPLE 7: ENVIRONMENT Businesses should support a precautionary approach to environmental challenges.	G4-14 G4-EC2 SI-2 G4-EN8 MM2 G4-EN15 G4-EN21 MM8 MM10 Providing a Safe and Rewarding Workplace – Public Safety – Management Approach Demonstrating Environmental Responsibility – Energy and Climate Change – Management Approach Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – Air Quality Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption

Demonstrating Environmental Responsibility – Water – Performance – Water Use

Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Performance – Current Operations

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Three small-scale sites of artisanal gold mining have been observed along the Pipeline at Ambatovy. This activity presents certain social risks and threatens the integrity of our pipeline; however, to be clear, the size and scale of this activity has been quite small and the risk is relatively low. This activity is not at all comparable with the larger-scale artisanal mining activities happening near gold mines in other parts of Africa and elsewhere. Ambatovy is working with local authorities to sensitize communities to the potential risks and dangers of these activities and to identify alternatives to enhance income and revenue. Authorities are willing to collaborate with us to address this matter. In 2015, two sites were completely closed and only intermittent exploitation was observed at the other.

PRINCIPLE 8: ENVIRONMENT

Businesses should undertake initiatives to promote greater environmental responsibility.

SI-2

G4-EN8

G4-EN13

MM1

MM2

G4-EN15

G4-EN21

G4-EN24

G4-EN29

G4-EN34

Demonstrating Environmental Responsibility – Tailings Management – Performance – Update on Remediation of Obed Containment Pond Breach

Demonstrating Environmental Responsibility – Biodiversity and Land – Performance

Demonstrating Environmental Responsibility – Biodiversity and Land – Performance – Land Management

Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption

Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – Air Quality

Demonstrating Environmental Responsibility – Water – Performance – Water Quality

Demonstrating Environmental Responsibility – Water – Performance – Water Use

Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Management Approach

Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Performance – Closed Properties

Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Performance – Community Grievances

Case Study – Demonstrating Environmental Responsibility – Conserving Madagascar's Precious Orchids

PRINCIPLE 10: ANTI-CORRUPTION Businesses should work against corruption in all its forms, including extortion and bribery.	G4-56 G4-SO4 Our Approach – Our Purpose and Our Promises Operating Ethically – Business Conduct – Management Approach Operating Ethically – Business Conduct – Performance – Anti-Corruption Case Study – Providing a Safe and Rewarding Workplace – Strengthening Culture and Performance by "Seizing Opportunities Together" http://sustainability.sherritt.com/2014/safe_workplace/rewarding-workplace.php

SUSTAINABLE DEVELOPMENT GOALS (SDG)

Please see sustainabledevelopment.un.org for more information on the SDG.

Sustainable Development Goals (SDG)	Location/Description
1 – Economic inclusion (poverty)	DMA – Procurement Practices Operating Ethically – Business Conduct – Performance – Anti-Corruption Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint Case Study – Engaging Stakeholders and Benefitting Communities – Working with Local Businesses at Ambatovy
1 – Access to land (poverty)	MM8 Three small-scale sites of artisanal gold mining have been observed along the Pipeline at Ambatovy. This activity presents certain social risks and threatens the integrity of our pipeline; however, to be clear, the size and scale of this activity has been quite small and the risk is relatively low. This activity is not at all comparable with the larger-scale artisanal mining activities happening near gold mines in other parts of Africa and elsewhere. Ambatovy is working with local authorities to sensitize communities to the potential risks and dangers of these activities and to identify alternatives to enhance income and revenue. Authorities are willing to collaborate with us to address this matter. In 2015, two sites were completely closed and only intermittent exploitation was observed at the other.

1 – Physical and economic displacement (poverty)	MM9 To facilitate construction, Ambatovy had to resettle villagers living in the vicinity of the Tailings and Plant Site to appropriate parcels of land. Between 2007 and 2008, Ambatovy established two resettlement villages: Vohitrambato and Marovato. There was no additional resettlement held in 2015. However, Ambatovy began planning one resettlement in the mine lease area, and the physical resettlement is scheduled for 2016. Resettlement was done in strict adherence to the International Finance Corporation (IFC) Performance Standards, and guidelines set by Madagascar's national regulatory body.
2 – Infrastructure investments (food security)	G4-EC1 G4-EC7 About Sherritt – 2015 Key Indicators About Sherritt – Our Supply Chain – Management Approach Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Community Investment

In Madagascar, Ambatovy has invested heavily in industrial and public infrastructure, in order to support its 100% value-added operations in-country. This investment includes: upgrading the Port of Toamasina and 100 km of public roads and developing several new projects, such as a railway line to move commodities between the Port and Ambatovy's processing plant, an electricity-generating station for the processing plant, a water treatment facility, a vocational training centre, a food distribution centre and market facilities, medical clinics, primary schools and two resettlement villages. These investments have brought new economic opportunities to Madagascar and will leave several long-term social benefits for the nearby communities; however, they have also had an impact on the quality of life of these communities by contributing to inflation, changes to traditional ways of living, and increased risks relating to road safety, among other things. In Cuba, Sherritt has invested in public infrastructure, including, among other things, street lighting; sanitation and construction equipment; roads; transportation services; and equipment for hospitals, schools and retirement homes. These investments have helped local authorities deliver needed social services to communities near Sherritt's operations, making an important contribution to public health and safety, and affordable and safe transportation. As these investments have been carried out to support Cuba's nationally mandated community development priorities, the negative impacts are minimal, to Sherritt's knowledge. We have been operating in Fort Saskatchewan, Alberta, for more than 60 years. As Fort Saskatchewan is a prosperous community in a developed country, there is no need – or expectation – for Sherritt to make any significant public infrastructure investments.

2 – Access to land (food security)	MM8 Three small-scale sites of artisanal gold mining have been observed along the Pipeline at Ambatovy. This activity presents certain social risks and threatens the integrity of our pipeline; however, to be clear, the size and scale of this activity has been quite small and the risk is relatively low. This activity is not at all comparable with the larger-scale artisanal mining activities happening near gold mines in other parts of Africa and elsewhere. Ambatovy is working with local authorities to sensitize communities to the potential risks and dangers of these activities and to identify alternatives to enhance income and revenue. Authorities are willing to collaborate with us to address this matter. In 2015, two sites were completely closed and only intermittent exploitation was observed at the other.
2 – Physical and economic displacement (food security)	MM9 To facilitate construction, Ambatovy had to resettle villagers living in the vicinity of the Tailings and Plant Site to appropriate parcels of land. Between 2007 and 2008, Ambatovy established two resettlement villages: Vohitrambato and Marovato. There was no additional resettlement held in 2015. However, Ambatovy began planning one resettlement in the mine lease area, and the physical resettlement is scheduled for 2016. Resettlement was done in strict adherence to the International Finance Corporation (IFC) Performance Standards, and guidelines set by Madagascar's national regulatory body.
3 – Air quality (healthy lives)	G4-EN15 G4-EN21 Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – Air Quality

3 – Occupational health and safety (healthy lives)	G4-LA6 Providing a Safe and Rewarding Workplace – Health and Safety – Performance – Lost Time and Recordable Incidents
3 – Spills (healthy lives)	G4-EN24 Demonstrating Environmental Responsibility – Water – Performance – Water Quality
3 – Water quality (healthy lives)	MM3 MM8 Demonstrating Environmental Responsibility – Tailings Management – Performance Three small-scale sites of artisanal gold mining have been observed along the Pipeline at Ambatovy. This activity presents certain social risks and threatens the integrity of our pipeline; however, to be clear, the size and scale of this activity has been quite small and the risk is relatively low. This activity is not at all comparable with the larger-scale artisanal mining activities happening near gold mines in other parts of Africa and elsewhere. Ambatovy is working with local authorities to sensitize communities to the potential risks and dangers of these activities and to identify alternatives to enhance income and revenue. Authorities are willing to collaborate with us to address this matter. In 2015, two sites were completely closed and only intermittent exploitation was observed at the other.
5 – Infrastructure investments (gender equality)	G4-EC1 G4-EC7 About Sherritt – 2015 Key Indicators About Sherritt – Our Supply Chain – Management Approach

Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint

Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Community Investment

In Madagascar, Ambatovy has invested heavily in industrial and public infrastructure, in order to support its 100% value-added operations in-country. This investment includes: upgrading the Port of Toamasina and 100 km of public roads and developing several new projects, such as a railway line to move commodities between the Port and Ambatovy's processing plant, an electricity-generating station for the processing plant, a water treatment facility, a vocational training centre, a food distribution centre and market facilities, medical clinics, primary schools and two resettlement villages. These investments have brought new economic opportunities to Madagascar and will leave several long-term social benefits for the nearby communities; however, they have also had an impact on the quality of life of these communities by contributing to inflation, changes to traditional ways of living, and increased risks relating to road safety, among other things. In Cuba, Sherritt has invested in public infrastructure, including, among other things, street lighting; sanitation and construction equipment; roads; transportation services; and equipment for hospitals, schools and retirement homes. These investments have helped local authorities deliver needed social services to communities near Sherritt's operations, making an important contribution to public health and safety, and affordable and safe transportation. As these investments have been carried out to support Cuba's nationally mandated community development priorities, the negative impacts are minimal, to Sherritt's knowledge. We have been operating in Fort Saskatchewan, Alberta, for more than 60 years. As Fort Saskatchewan is a prosperous community in a developed country, there is no need – or expectation – for Sherritt to make any significant public infrastructure investments.

5 – Economic inclusion (gender equality)	DMA – Procurement Practices Operating Ethically – Business Conduct – Performance – Anti-Corruption Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint Case Study – Engaging Stakeholders and Benefitting Communities – Working with Local Businesses at Ambatovy
5 – Gender equality	G4-LA12 Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Workplace Diversity
5 – Women in leadership	G4-LA12 Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Workplace Diversity
5 – Non-discrimination (gender equality)	G4-HR3
6 – Sustainable water withdrawals	G4-EN8 Demonstrating Environmental Responsibility – Water – Performance – Water Use
6 – Water-related ecosystems and biodiversity	G4-EN13 G4-EN24 MM2 MM3

	MM8 Demonstrating Environmental Responsibility – Tailings Management – Performance Demonstrating Environmental Responsibility – Biodiversity and Land – Performance Demonstrating Environmental Responsibility – Water – Performance – Water Quality Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Performance – Closed Properties Case Study – Demonstrating Environmental Responsibility – Conserving Madagascar's Precious Orchids Three small-scale sites of artisanal gold mining have been observed along the Pipeline at Ambatovy. This activity presents certain social risks and threatens the integrity of our pipeline; however, to be clear, the size and scale of this activity has been quite small and the risk is relatively low. This activity is not at all comparable with the larger-scale artisanal mining activities happening near gold mines in other parts of Africa and elsewhere. Ambatovy is working with local authorities to sensitize communities to the potential risks and dangers of these activities and to identify alternatives to enhance income and revenue. Authorities are willing to collaborate with us to address this matter. In 2015, two sites were completely closed and only intermittent exploitation was observed at the other.
6 – Land remediation (water and sanitation)	MM1 Demonstrating Environmental Responsibility – Biodiversity and Land – Performance – Land Management

6 – Water quality (water and sanitation)	MM3 MM8 Demonstrating Environmental Responsibility – Tailings Management – Performance Three small-scale sites of artisanal gold mining have been observed along the Pipeline at Ambatovy. This activity presents certain social risks and threatens the integrity of our pipeline; however, to be clear, the size and scale of this activity has been quite small and the risk is relatively low. This activity is not at all comparable with the larger-scale artisanal mining activities happening near gold mines in other parts of Africa and elsewhere. Ambatovy is working with local authorities to sensitize communities to the potential risks and dangers of these activities and to identify alternatives to enhance income and revenue. Authorities are willing to collaborate with us to address this matter. In 2015, two sites were completely closed and only intermittent exploitation was observed at the other.
6 – Spills (water and sanitation)	G4-EN24 Demonstrating Environmental Responsibility – Water – Performance – Water Quality
7 – Infrastructure investments (energy access)	G4-EC1 G4-EC7 About Sherritt – 2015 Key Indicators About Sherritt – Our Supply Chain Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Community Investment

	In Madagascar, Ambatovy has invested heavily in industrial and public infrastructure, in order to support its 100% value-added operations in-country. This investment includes: upgrading the Port of Toamasina and 100 km of public roads and developing several new projects, such as a railway line to move commodities between the Port and Ambatovy's processing plant, an electricity-generating station for the processing plant, a water treatment facility, a vocational training centre, a food distribution centre and market facilities, medical clinics, primary schools and two resettlement villages. These investments have brought new economic opportunities to Madagascar and will leave several long-term social benefits for the nearby communities; however, they have also had an impact on the quality of life of these communities by contributing to inflation, changes to traditional ways of living, and increased risks relating to road safety, among other things. In Cuba, Sherritt has invested in public infrastructure, including, among other things, street lighting; sanitation and construction equipment; roads; transportation services; and equipment for hospitals, schools and retirement homes. These investments have helped local authorities deliver needed social services to communities near Sherritt's operations, making an important contribution to public health and safety, and affordable and safe transportation. As these investments have been carried out to support Cuba's nationally mandated community development priorities, the negative impacts are minimal, to Sherritt's knowledge. We have been operating in Fort Saskatchewan, Alberta, for more than 60 years. As Fort Saskatchewan is a prosperous community in a developed country, there is no need – or expectation – for Sherritt to make any significant public infrastructure investments.
7 – Energy efficiency (energy access)	SI-2 Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption
7 – Renewable energy	SI-2 Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption

8 – Diversity and equal opportunity	G4-LA12 Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Workplace Diversity
8 – Earnings, wages and benefits	G4-LA12 Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Workplace Diversity
8 – Economic inclusion (growth)	DMA – Procurement Practices Operating Ethically – Business Conduct – Performance – Anti-Corruption Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint Case Study – Engaging Stakeholders and Benefitting Communities – Working with Local Businesses at Ambatovy
8 – Economic performance	G4-EC1 About Sherritt – 2015 Key Indicators Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint
8 – Employee training and education	Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint

8 – Employment	G4-10 Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Workplace Diversity
8 – Energy efficiency (economic growth)	SI-2 Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption
8 – Freedom of associaton and collective bargaining	G4-11 Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Organized Labour, Grievances and Strike Action
8 – Labour/management relations	G4-LA4 MM4 Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Organized Labour, Grievances and Strike Action
8 – Non-discrimination (economic growth)	G4-HR3

8 – Occupational health and safety	MM8 Three small-scale sites of artisanal gold mining have been observed along the Pipeline at Ambatovy. This activity presents certain social risks and threatens the integrity of our pipeline; however, to be clear, the size and scale of this activity has been quite small and the risk is relatively low. This activity is not at all comparable with the larger-scale artisanal mining activities happening near gold mines in other parts of Africa and elsewhere. Ambatovy is working with local authorities to sensitize communities to the potential risks and dangers of these activities and to identify alternatives to enhance income and revenue. Authorities are willing to collaborate with us to address this matter. In 2015, two sites were completely closed and only intermittent exploitation was observed at the other.
8 – Occupational health and safety (economic growth)	G4-LA6 Providing a Safe and Rewarding Workplace – Health and Safety – Performance – Lost Time and Recordable Incidents
9 – Infrastructure investments (infrastructure)	G4-EC1 G4-EC7 About Sherritt – 2015 Key Indicators About Sherritt – Our Supply Chain Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Community Investment

9 – Research and development	G4-EC1 About Sherritt – 2015 Key Indicators Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint
12 – Air quality (sustainable consumption and production)	G4-EN15 G4-EN21 Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – Air Quality Reported air emissions are the most significant. Sherritt will work towards better alignment with G4-EN15 next year.
12 – Energy efficiency (sustainable consumption and production)	SI-2 Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption
12 – Land remediation (sustainable consumption and production)	MM1 Demonstrating Environmental Responsibility – Biodiversity and Land – Performance – Land Management
12 – Procurement policies	G4-EC9

12 – Spills (sustainable consumption and production)	G4-EN24 Demonstrating Environmental Responsibility – Water – Performance – Water Quality
13 – Energy efficiency (climate change)	SI-2 Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption
13 – GHG emissions	G4-EN15 Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption
13 – Risks and opportunities due to climate change	G4-EC2 Demonstrating Environmental Responsibility – Energy and Climate Change – Management Approach 2015 Annual Report – Risk Factors – Climate Change/Greenhouse Gas Emissions – Page 56
14 – Land remediation (marine resources)	MM1 Demonstrating Environmental Responsibility – Biodiversity and Land – Performance – Land Management

14 – Marine biodiversity	G4-EN13 MM2 Demonstrating Environmental Responsibility – Biodiversity and Land – Performance Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Performance – Closed Properties Case Study – Demonstrating Environmental Responsibility – Conserving Madagascar's Precious Orchids
14 – Spills (marine resources)	G4-EN24 Demonstrating Environmental Responsibility – Water – Performance – Water Quality
14 – Ocean acidification	G4-EN15 G4-EN21 Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – Air Quality

15 – Forest degradation	G4-EN15 G4-EN21 Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – Air Quality
15 – Land remediation (terrestrial ecosystems)	MM1 Demonstrating Environmental Responsibility – Biodiversity and Land – Performance – Land Management
15 – Mountain ecosystems	G4-EN13 MM2 Demonstrating Environmental Responsibility – Biodiversity and Land – Performance Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Performance – Closed Properties Case Study – Demonstrating Environmental Responsibility – Conserving Madagascar's Precious Orchids

15 – Natural habitat degradation	G4-EN13 MM2 Demonstrating Environmental Responsibility – Biodiversity and Land – Performance Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Performance – Closed Properties Case Study – Demonstrating Environmental Responsibility – Conserving Madagascar's Precious Orchids
15 – Terrestrial and inland fresh water ecosystems	G4-EN13 Demonstrating Environmental Responsibility – Biodiversity and Land – Performance Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Performance – Closed Properties Case Study – Demonstrating Environmental Responsibility – Conserving Madagascar's Precious Orchids
15 – Spills (terrestrial ecosystems)	G4-EN24 Demonstrating Environmental Responsibility – Water – Performance – Water Quality
16 – Anti-corruption	G4-SO4 Operating Ethically – Business Conduct – Performance – Anti-Corruption Case Study – Operating Ethically – Rolling out Anti-Corruption Training

16 – Compliance with laws and regulations	G4-EN29 Demonstrating Environmental Responsibility – Tailings Management – Performance – Update on Remediation of Obed Containment Pond Breach Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Management Approach
16 – Ethical and lawful behaviour	G4-56 Our Approach – Our Purpose and Our Promises Operating Ethically – Business Conduct – Management Approach Case Study – Providing a Safe and Rewarding Workplace – Strengthening Culture and Performance by "Seizing Opportunities Together" http://sustainability.sherritt.com/2014/safe_workplace/rewarding-workplace.php
16 – Grievance mechanisms	G4-EN34 G4-LA16 G4-HR12 G4-SO11 Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Performance – Community Grievances Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Organized Labour, Grievances and Strike Action Operating Ethically – Human Rights – Performance – Human Rights Grievances

16 – Non-discrimination (institutions)	G4-HR3

THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

Please see www.oecd.org for more information on the OECD.

OECD	Location
OECD IV. Human Rights	DMA – Environmental Grievance Mechanisms
	DMA – Non-Discrimination
	G4-HR3
	DMA – Assessment
	DMA – Local Communities
	DMA – Grievance Mechanisms for Impacts on Society
	Our Approach – Sustainability Framework – Management Systems
	Providing a Safe and Rewarding Workplace – Labour Relations – Management Approach
	Operating Ethically – Human Rights – Management Approach
	Engaging Stakeholders and Benefitting Communities – Community Development – Management Approach
	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Management Approach
	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Management Approach – Corporate Standards to Support Stakeholder Engagement

OECD V. Employment and Industrial Relations	G4-11
	DMA – Economic Performance
	G4-EC3
	G4-EC4
	DMA – Labour/Management Relations
	G4-LA4
	DMA – Occupational Health and Safety
	G4-LA6
	G4-LA12
	G4-LA16
	DMA – Security Practices
	DMA – Human Rights Grievance Mechanisms
	DMA – Local Communities
	DMA – Grievance Mechanisms for Impacts on Society
	Our Approach – Our Commitment to Sustainability
	Providing a Safe and Rewarding Workplace – Health and Safety – Performance – Lost Time and Recordable Incidents
	Providing a Safe and Rewarding Workplace – Labour Relations – Management Approach
	Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Workplace Diversity

	Providing a Safe and Rewarding Workplace – Labour Relations – Performance – Organized Labour, Grievances and Strike Action Providing a Safe and Rewarding Workplace – Health and Safety – Management Approach Providing a Safe and Rewarding Workplace – Site Security – Management Approach Operating Ethically – Economic Performance – Management Approach Operating Ethically – Human Rights – Management Approach Engaging Stakeholders and Benefitting Communities – Community Development – Management Approach Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Management Approach – Corporate Standards to Support Stakeholder Engagement Case Study – Providing a Safe and Rewarding Workplace – Emergency Prevention and Preparedness – Cuba's Experience Case Study – Providing a Safe and Rewarding Workplace – Implementing the Voluntary Principles in Madagascar 2015 Annual Report – Pages 68, 88, 117, 134 2015 Annual Report – Significant Customers – Page 55 2015 Annual Report – Risk Factors – Market Conditions – Page 44 2015 Annual Information Form – Description of Business – Management of Growth – Page 63
OECD VI. Environment	G4-EC2 DMA – Energy

SI-2

DMA – Water

G4-EN8

DMA – Biodiversity

G4-EN13

DMA – Emissions

G4-EN15

G4-EN21

G4-EN29

DMA – Environmental Grievance Mechanisms

G4-EN34

Our Approach – Sustainability Framework – Management Systems

Demonstrating Environmental Responsibility

Demonstrating Environmental Responsibility – Tailings Management – Performance – Update on Remediation of Obed Containment Pond Breach

Demonstrating Environmental Responsibility – Biodiversity and Land – Management Approach

Demonstrating Environmental Responsibility – Biodiversity and Land – Performance

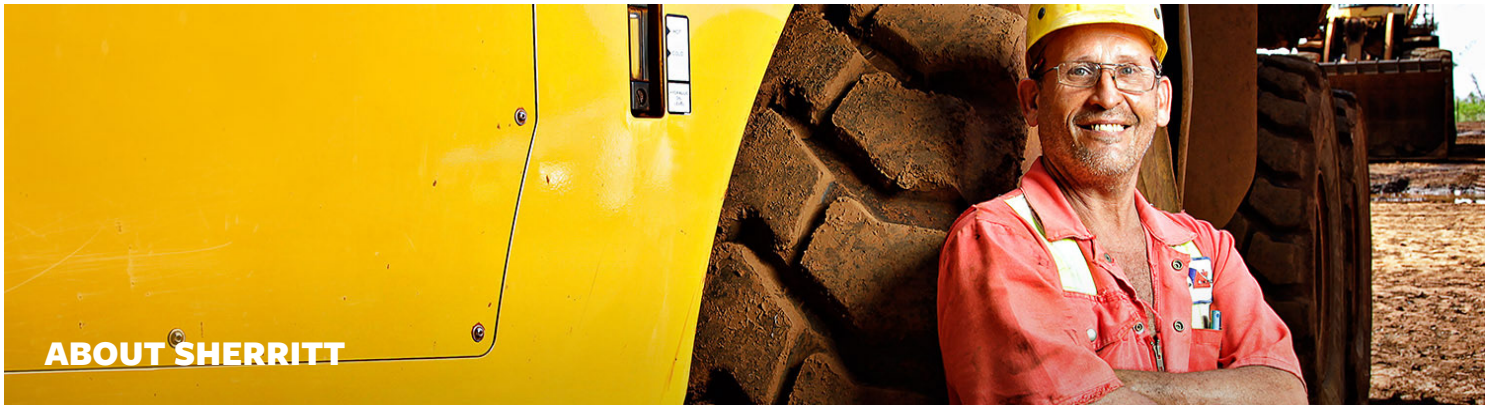
Demonstrating Environmental Responsibility – Water – Management Approach

Demonstrating Environmental Responsibility – Water – Performance – Water Use

	Demonstrating Environmental Responsibility – Energy and Climate Change – Management Approach
	Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – GHG Emissions and Energy Consumption
	Demonstrating Environmental Responsibility – Energy and Climate Change – Performance – Air Quality
	Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Management Approach
	Demonstrating Environmental Responsibility – Environmental Liabilities, Closure and Reclamation – Performance – Closed Properties
	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Management Approach
	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Performance – Community Grievances
	Case Study – Demonstrating Environmental Responsibility – Conserving Madagascar's Precious Orchids
	2015 Annual Report – Risk Factors – Climate Change/Greenhouse Gas Emissions – Page 56
OECD VII. Combatting Bribery, Bribe Solicitation and Extortion	G4-EC2
	G4-SO1
	G4-SO4
	DMA – Grievance Mechanisms for Impacts on Society
	G4-SO11
	Operating Ethically – Business Conduct – Performance – Anti-Corruption

	Operating Ethically – Human Rights – Management Approach
	Demonstrating Environmental Responsibility – Energy and Climate Change – Management Approach
	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Management Approach – Corporate Standards to Support Stakeholder Engagement
	Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Performance – Community Grievances
	Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Community Investment
	Case Study – Operating Ethically – Rolling out Anti-Corruption Training
	Case Study – Operating Ethically – Supporting Children and Youth in Madagascar
	Case Study – Engaging Stakeholders and Benefitting Communities – Joint Fact Finding at Ambatovy to Address Community Concerns
	Case Study – Engaging Stakeholders and Benefitting Communities – Community Investment in Cuba
	2015 Annual Report – Risk Factors – Climate Change/Greenhouse Gas Emissions – Page 56
OECD X. Competition	DMA – Indirect Economic Impacts
	DMA – Economic Performance
	DMA – Market Presence
	DMA – Procurement Practices
	Our Approach – Our Commitment to Sustainability

	Operating Ethically – Business Conduct – Performance – Anti-Corruption Operating Ethically – Economic Performance – Management Approach Engaging Stakeholders and Benefitting Communities – Stakeholder Engagement – Management Approach Engaging Stakeholders and Benefitting Communities – Community Development – Management Approach Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint Case Study – Engaging Stakeholders and Benefitting Communities – Working with Local Businesses at Ambatovy 2015 Annual Report – Risk Factors – Market Conditions – Page 44 2015 Annual Information Form – Description of Business – Management of Growth – Page 63
OECD XI. Taxation	G4-EC1 DMA – Economic Performance About Sherritt – 2015 Key Indicators Our Approach – Our Commitment to Sustainability Operating Ethically – Economic Performance – Management Approach Engaging Stakeholders and Benefitting Communities – Community Development – Performance – Economic Benefit Footprint 2015 Annual Report – Risk Factors – Market Conditions – Page 44 2015 Annual Information Form – Description of Business – Management of Growth – Page 63



Sherritt is based in Toronto, Canada, and is a world leader in the mining and refining of nickel from lateritic ores with operations in Canada, Cuba and Madagascar. We are the largest independent energy producer in Cuba, with extensive oil and power operations on the island. We license our proprietary technologies and provide metallurgical services to commercial metals operations worldwide. The common shares of the Corporation are listed on the Toronto Stock Exchange, trading under the symbol "S", and are widely held by both institutional and retail investors.

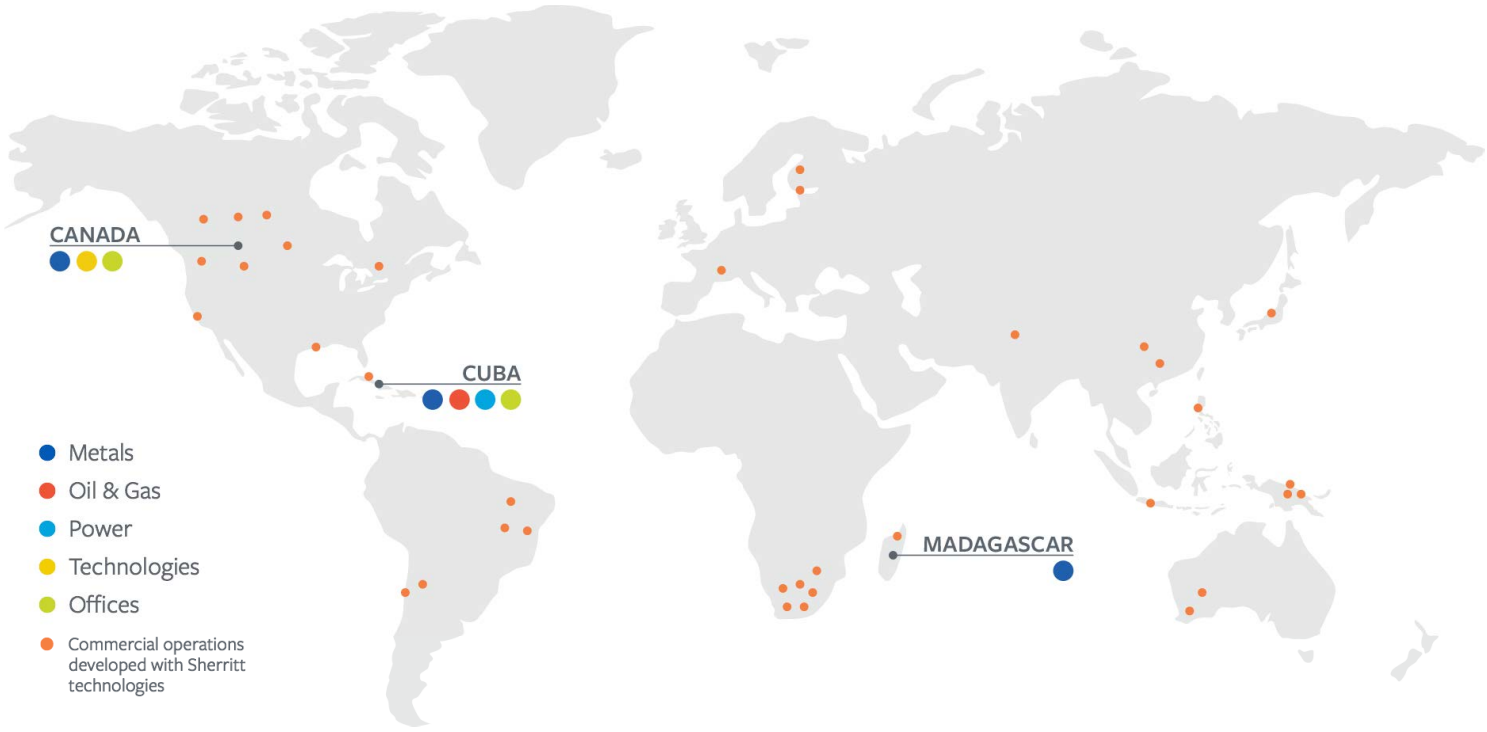
MAP/DESCRIPTION +

DIVISIONS/PRODUCTS +

2015 KEY INDICATORS +

OUR SUPPLY CHAIN +

MAP/DESCRIPTION



Incorporated in 1927 as Sherritt Gordon Mines Limited, Sherritt has deep Canadian roots; it is one of the oldest Canadian-owned metals producers still in operation. Refer to “Sherritt’s History”, at right, for more information.

SHERRITT'S HISTORY – KEY DATES AND EVENTS

1927	Sherritt Gordon Mines Limited is incorporated to develop resources, principally base metals.
1930	Sherridon Development Company is formed to provide services and build the Town of Sherridon, Manitoba.
1931	**Sherridon mine production begins, shipping copper concentrate to the new Hudson Bay copper smelter.**
1941	First significant discovery of nickel at Lynn Lake.
1946	Sherridon mining and milling equipment is transferred to a new nickel mine site at Lynn Lake, Manitoba.
1947	Sherritt initiates funding to the UBC to experiment with hydrometallurgical techniques for ore processing.
1948	UBC discovers a direct ammonia leach method that had the potential to simplify the processing of nickel concentrates.
1949	Sherritt builds a pilot plant in Ottawa to further develop the ammonia leach process.
1950	Sherritt builds a second pilot plant, incorporating the hydrogen reduction process pioneered by Chemical Construction Corp.
1951	Sherritt provides partial funding for Canadian National Railways to construct the crucial railway line from Sherridon to Lynn Lake. Sherritt builds a third pilot plant in Ottawa, which is operated to finalize the design for a commercial refinery. Closure of the Sherridon mine.
1952	Construction begins on the refinery at Fort Saskatchewan, Alberta. The site is chosen due to abundant supplies of water and natural gas – required to make the ammonia for the refinery – and its location on the CNR line.
1953	Commencement of ore production from the Lynn Lake mine and concentrate shipments by rail from Manitoba to Alberta.
1954	**Construction and start-up of the nickel refinery, including by-product fertilizer, is completed at**

	Fort Saskatchewan.
1955	Sherritt research division is transferred from Ottawa to Fort Saskatchewan; pilot plant equipment is transferred to form the basis of a cobalt refinery. Inland Chemicals builds a 100 tonnes/day sulphuric acid plant to supply the Fort Saskatchewan refinery.
1957	Sherritt buys hydrometallurgical technology patents from Chemical Construction, including those used in the Moa facility then under construction.
1961	Sherritt develops a coinage business, starting with shipments of nickel blanks from Fort Saskatchewan's Rolling Mill to the Royal Canadian Mint. Within a decade, the Rolling Mill will be producing coin blanks for multiple countries as well as commemorative medallions. Sherritt conducts its first external technologies project, developing a nickel process for Marinduque Iron Mines (Philippines).
1962–65	Sherritt expands its ammonia plant, constructs two urea production trains (120 and 150 tonnes/day), and expands into the phosphate fertilizer business with a new phosphate plant at the Fort Saskatchewan site, using phosphate rock imported from Florida.
1967	Sherritt licenses its process for acid pressure leaching of nickel-cobalt sulphides to Outokumpo (Finland).
1968–69	Sherritt starts construction on the Fox copper mine and the Ruttan copper-zinc mine in Manitoba.
1969	Sherritt licenses its ammonia pressure leach process for nickel concentrates and mattes to Western Mining Corp. (Australia), and its acid pressure leaching process for PGM-bearing nickel-copper mattes to Impala Platinum (South Africa). Sherritt starts pilot testing its laterite leach process for the Marinduque project (Philippines).
1970–73	Shipment of concentrates from the Fox mine and the Ruttan mine begins.
1974	Production of refined nickel from the Marinduque-Sherritt-owned Surigao nickel laterite project on Dinagat Island in the Philippines, under license from Sherritt. This is the first commercial production of refined nickel directly from laterite ores.
1976	**Closure of the Lynn Lake mine.** Sherritt's nickel refinery becomes a toll processor. Purchase of Thio-Pet Chemicals, a producer of hydrogen sulphide used in the Fort Saskatchewan refinery.

	Sherritt begins producing nickel-bonded steel coinage products and ultra-fine cobalt powder.
1978	The Sherritt Mint produces medals and commemorative medallions for the Commonwealth Games. The Fort Saskatchewan plant becomes a toll refiner.
1979	Sherritt presents the City of Fort Saskatchewan with a clock tower to celebrate 25 years of operation. Sherritt begins production of cobalt-samarium powder for rare earth magnets. Sherritt begins its first entry into the oil and gas business, investing in BowRio Resources.
1980	Sherritt debottlenecks sulphuric acid plant to 600 tonnes/day. Subsequent work through the 1990s/2000s will result in an 800 tonnes/day operation.
1981	The first zinc pressure leach plant, at Cominco in Trail, is commissioned. Other facilities will follow over the next 12 years at Kidd Creek (Ontario), Ruhr-Zink (Germany) and HBMS (Manitoba). New NBS coinage plant opens, increasing capacity by a factor of 5. TuffStuds enter commercial production.
1982	Commissioning of Rustenburg matte leach refinery South Africa under license from Sherritt.
1983	Sherritt commissions a new world-scale (1,000 tonnes/day ammonia, 900 tonnes/day urea) nitrogen fertilizer plant in Alberta. Commissioning of Impala Platinum cobalt refinery in South Africa and Kidd Creek zinc pressure leach facility in Canada under license from Sherritt.
1985	Fox mine closes. Sherritt creates and floats SherrGold, retaining a 60% interest. Start-up of Western Platinum matte leach refinery in South Africa under license from Sherritt.
1986	Metals refinery celebrates **1 billion pounds** of cumulative nickel production. Start-up of SherrGold's MacLellan gold mine. The Surigao nickel refinery is officially closed.
1987	Aureate-bonded nickel coinage plant opens, contracted to supply Canadian "loonie" dollar coin blanks. Sherritt acquires United Chemical Company. Ruttan mine is sold to Hudson's Bay Mining and Smelting.
1988	The company sells its interest in SherrGold and is renamed Sherritt Gordon Limited. Ultrafine copper pilot plant is commissioned.
1989	Sherritt and the governments of Alberta and Canada create Westaim, a co-operative venture designed to develop new advanced materials technologies. NBS coinage plant capacity is doubled. Ultrafine copper commercial plant is commissioned.

1990	Ian Delaney leads a successful proxy contest for control of Sherritt.
1991	Sherritt acquires Canada Northwest Energy Limited (CNW), a Calgary-based producer of oil and natural gas.
1993	Sherritt Gordon Limited is renamed Sherritt Inc. Sherritt completes an extensive refurbishment and expansion of its Fort Saskatchewan nickel and cobalt refinery to allow efficient processing of mixed sulphides from Moa Nickel.
1994	Sherritt acquires fertilizer assets from Imperial Oil Limited and becomes the largest producer of nitrogen and phosphate fertilizers in Canada and one of the largest fertilizer producers in the world. **Sherritt extends its nickel and cobalt refining business into a vertically integrated mining/refining business in a 50:50 joint venture with General Nickel S.A. of Cuba.**
1995	Sherritt Inc. creates Sherritt International Corporation, an independent Canadian public company. Sherritt Inc. retains the fertilizer business, Canadian oil and gas properties and the specialty metals and technology businesses.
1996	Sherritt Inc. changes its name to Viridian Inc., which merges with a wholly-owned subsidiary of Agrium Inc. Sherritt International acquires certain utilities, fertilizer and other assets in Fort Saskatchewan, from which it produces and sells fertilizer, and supplies inputs and utilities to the nickel and cobalt refinery.
1997	Sherritt acquires Dynatec International Ltd. and merges it with Sherritt's metallurgical consulting business, creating Dynatec Corporation, which is spun out as a separate public company. Fort Site adds 100 klb/h boiler.
1998	Sherritt creates Sherritt Power Corporation, which constructs and operates power-generating facilities in Cuba through a one-third ownership in Energas SA. Sherritt purchases 37.5% of the company operating Cubacel, the cellular telephone operator in Cuba.
1999	Sherritt makes a strategic investment in Anaconda Nickel Ltd. (Australia), which uses Sherritt's laterite processing technology.
2000	Fort Site stops effluent discharge to river; effluent flows to Alberta Capital Region Wastewater Treatment Facility via City of Fort Saskatchewan collection system.
2001	Sherritt and a partner acquire Canada's largest coal producer, Luscar Ltd., creating the Luscar

	Energy Partnership.
2003	Luscar Energy Partnership acquires the Canadian thermal coal assets of Fording Inc. Sherritt sells its interest in Cubacel. Fort Site ammonium phosphate plant converted to granular ammonium sulphate.
2004	Sherritt celebrates 50 years of operations at the Fort Saskatchewan refinery. Through its minority interest in Energas, Sherritt begins construction on an 85 MW expansion in Cuba.
2005	Sherritt Metals' Fort Site celebrates **2 billion pounds** of cumulative nickel production. Two million tonne Coal Valley mine expansion is announced; construction is completed the next year.
2006	Metals Enterprise expansion initiated at Moa, Cuba. 85 MW power expansion is completed and a new 65 MW expansion begins.
2007	Sherritt acquires Dynatec Corporation, including a 40% ownership in the Ambatovy Nickel Project. Sherritt Technologies is formed, including the former Dynatec Metallurgical Technologies operations, to utilize and license the Corporation's 50+ years of hydrometallurgical research, development and commercial process implementation. 65 MW power expansion completed.
2008	150 MW power expansion at Boca de Jaruco commences. Sherritt suspends expansion activities due to global financial crisis.
2009	Sherritt sells its interests in hotels in Cuba.
2011	Construction at Ambatovy is completed.
2012	Production of finished nickel and cobalt commences at Ambatovy.
2014	Sherritt achieves commercial production at Ambatovy. Sherritt sells its coal business.
2015	Sherritt achieves production test milestone (90% for 90 days) and financial completion at Ambatovy.

DIVISIONS/PRODUCTS

Currently, Sherritt has three operating divisions, as well as a corporate office and technologies group. These entities are accounted for in our financial and sustainability reporting.

Division	Operations, Products and Markets

Metals	• **Ambatovy Joint Venture** in Madagascar (40% ownership) – nickel and cobalt mining, processing and refining for international markets. Watch this video to learn more about our Ambatovy operation.
	• **Moa Joint Venture** (50% ownership)
	  ◦ Moa, Cuba – nickel and cobalt mining and processing
	  ◦ Fort Saskatchewan, Alberta, Canada – nickel and cobalt refining for international markets
	• **Fort Saskatchewan** (100% ownership) – ammonia, sulphuric acid and utilities for the Moa Joint Venture's nickel and cobalt production, and ammonium sulphate fertilizer (a by-product of nickel and cobalt production) for the western Canadian market. Watch this video to learn more about the Fort Saskatchewan operation.

Oil & Gas	• **Oil & Gas** in Cuba (100% ownership) – exploration and production for Cuba's energy needs
Power	• **Energas, S.A.** in Cuba (33.3% ownership) – electricity production from natural gas for Cuba's electricity needs
Corporate and Technologies	• **Corporate Office** in Toronto – corporate administration and management • **Technologies Group** – development and commercialization of high-pressure hydrometallurgical processes, engineering services and licensing of commercially proven technologies for mining companies worldwide

A more detailed overview of our business and corporate structure can be found on pages 1 to 7 in our 2015 Annual Information Form.

There have been no significant changes to the size of our company or its structure, ownership or supply chains during the reporting period, except for the sale of SNC-Lavalin Inc.'s 5% ownership position in the Ambatovy Joint Venture to Sumitomo Corporation, which increased its ownership position to 32.5%.

2015 KEY INDICATORS

Financial

(C$ millions, except per share data, as at December 31)	2015
Combined revenue	$1,022.7
Adjusted EBITDA[1]	$113.1
Combined free cash flow[1]	($98.8)
Adjusted net loss from continuing operations[2]	($351.3)
Net loss from continuing operations per share	($7.05)
Cash, cash equivalents and short-term investments	$435.4
Total loans and borrowings	$2,263.1
Weighted average number of shares (millions)	293.7

(1) For additional information, please see the Non-GAAP Measures section of the Management's Discussion and Analysis in our 2015 Annual Report.

(2) In 2015, Sherritt recorded impairment expenses of $80.6 million on its oil assets in Cuba and Spain and $1.6 billion at the Ambatovy Joint Venture. The adjusted net loss from continuing operations excludes these impairment losses, while the net loss from continuing operations per share includes the impairment losses.

Production

- Nickel: 80,977 tonnes (100% basis)
- Cobalt: 7,198 tonnes (100% basis)
- Oil: 18,257 barrels of oil equivalent per day
- Electricity: 2,706 gigawatt hours (100% basis)

People

- Full- and part-time employees and permanent contractors: 6,626
- Total workforce: 11,361 (including long-term suppliers working on site)

On December 31, 2015, our market capitalization was $214.5 million and shareholder equity was $1,557.1 million. Refer to page 11 of our 2015 Annual Report for our Management's Discussion and Analysis commentary on our performance during the year.

OUR SUPPLY CHAIN

Like most commodity producers, we play the role of a value-adding producer in a long supply chain. We require significant goods and services as inputs (the upstream supply chain) to develop bulk products, which we sell to customers that produce finished products for consumers (the downstream supply chain).

As the table below demonstrates, many of our products contribute materially to global sustainable development priorities. For instance: we provide energy to the Cuban people, we produce fertilizer for agricultural development and our high-quality metals are used in clean-technology infrastructure and products, such as alloys for renewable power applications, batteries for electric and hybrid electric vehicles, buildings, airplanes, household goods and appliances, medical devices and much more. For more information on how nickel is used in society, visit the Nickel Institute's website.

Business	Key Inputs	Sherritt's Contribution	Key Customers
Metals	Energy products, sulphuric acid, sulphur, limestone, engineering/ technical expertise	Mining, processing and refining to produce finished nickel and cobalt and a fertilizer by-product	• Car-component manufacturers • Steel producers • Battery producers • Agricultural producers
Oil & Gas	Current technological drilling practices	Drilling and extraction of oil	• CUPET, Cuba's national oil company, for national energy needs
Power	Raw natural gas	Processing of gas to produce electricity and by-products, such as condensate and liquefied petroleum gas	• UNE, Cuba's electricity utility, for the national grid • CUPET, for industrial processes and domestic needs

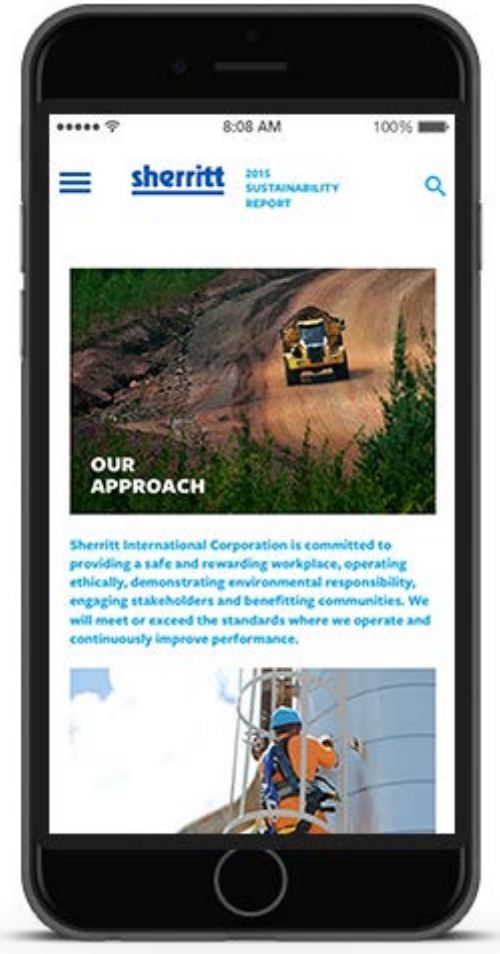
Refer to Operating Ethically for a description of how Sherritt applies anti-corruption and human rights requirements to its supply chain.

ABOUT THIS REPORT

This report describes our sustainability performance for the calendar year of January 1, 2015 through December 31, 2015. We report on an annual basis, with any material sustainability information included in our quarterly disclosures through the course of the year. Our most recent annual sustainability report covered the period from January 1, 2014 through December 31, 2014.

We have structured this report to align with our sustainability framework. For each pillar, we disclose our management approach and performance in relation to our material issues. This year, we revised our data collection and reporting process to align with G4 Core criteria indicators of the Global Reporting Initiative (GRI). A full GRI Index and performance table is provided here. The methods used for calculating several indicators reported in the past have been revised to reflect this realignment. As a result, fewer trends from previous years can be reported in this edition. Sherritt is also working towards improving information management systems for a variety of indicators that are inputs to this report. This effort should ensure that data are more robust and reliable in future reports.

The 2015 Sustainability Report has not been externally assured.



Good management practices can be applied in any industrial environment, and Oil & Gas and Power has made good progress in aligning its practices with the Towards Sustainable Mining Safety and Health Protocol.

ALIGNING WITH LEADING EXTERNAL SAFETY STANDARDS

Sherritt has decided to align its internal management systems with good practices established within the Mining Association of Canada's Towards Sustainable Mining (TSM) initiative, although we are not members of the Mining Association. Making the TSM model fit the operating realities of our Oil & Gas and Power (OGP) Division has been challenging, given that it was developed for mine sites rather than energy-production facilities. However, the majority of good management practices can be applied in any industrial environment, and OGP has made good progress in aligning its practices with the TSM criteria.

OGP completed a gap analysis of its practices relative to the TSM Safety and Health Protocol in 2014, and developed a short-term action plan to address gaps and reach a Level B in TSM's grading system to measure the level of integration of its protocols for all indicators by the end of 2015. In July 2015, we engaged Deloitte to conduct an audit of our progress and identify areas for improvement. One of our biggest challenges was documentation – although OGP had many of the practices in place, they often were not formally documented. By developing new forms and checklists, OGP has been able to formalize its practices and achieve its 2015 target. We are now working towards achieving a Level A across the protocol by the end of 2016.

Safety culture assessments provided valuable insights into factors that contribute to the safety culture at each site: employee sentiment towards the company, accountability for safety at the line-management level, leadership interactions in the field and control of critical risks.

SAFETY CULTURE ASSESSMENTS

As a result of the four fatalities in 2015, management introduced a strategic focus on fatality prevention and commissioned an independent external assessment of the safety culture at each operating site.

The assessments provided valuable insights into factors that contribute to the safety culture at each site: employee sentiment towards the company, accountability for safety at the line-management level, leadership interactions in the field and control of critical risks. A key learning was that most safety systems and tools are similar around the world. Safety culture comes from the leaders.

Some common findings include: senior leaders have not been role modelling the desired behaviours; there is some confusion over what safety work should be done by various roles; capability gaps exist with front-line leaders; there is a sense of comfort with the status quo; management of low-probability/high-consequence events can be improved; and simple hazard-assessment and communication tools are inconsistently used.

In response, each site has developed an action plan to drive safety culture improvements. Actions include: role modelling safety behaviours by leaders; clarifying authorities and accountabilities; improving governance programs; conducting leadership training; requiring that leaders spend more time in the field; increasing the focus on significant potential incidents; and improving usage of hazard-assessment tools.

A summary of the findings and recommendations was provided directly to the Sherritt Board of Directors, and senior-level reviews have been planned for 2016 to follow up on progress.

Cuba's National Civil Defense, the institution responsible for disaster relief planning, has effectively implemented a preparedness system for disasters, including hurricanes, earthquakes, fires, floods, storm surges and other possible events.

EMERGENCY PREVENTION AND PREPAREDNESS – CUBA'S EXPERIENCE

We have emergency preparedness and response plans at all our sites to protect local communities, the environment and our business in case of an unplanned event. In Cuba, we work with state agencies to coordinate response planning.

Cuba is geographically situated in the path of hurricanes that can have devastating impacts. Studies carried out several years ago indicated that over two million of the country's 11 million people are vulnerable to disasters, such as flooding, the rupture or overflow of dams, collapsed housing or landslides. More recently, increased seismic activity has been recorded in the eastern region of the island, where we have a mine site with our Cuban partners.

These factors have led to the accumulation of expertise in Cuba for managing hurricanes and other disasters – from preparation to response to recovery – that has been recognized by international organizations. For example, after examining Cuba's approach, Oxfam America suggests that strengthening community capacity, coordinating local actors and investing in social capital are determinate factors in effectively reducing the risks of a catastrophic event.

Cuba's National Civil Defense, the institution responsible for disaster relief planning, has effectively implemented a preparedness system for disasters, including hurricanes, earthquakes, fires, floods, storm surges and other possible events. This system includes an early-warning mechanism, which entails ensuring the correct behaviour of citizens for following instructions, preparing for evacuation and

other important measures that are essential to preserving lives.

The success of Cuba's disaster preparation and mitigation efforts is confirmed by results. While material losses have been high, the number of casualties has been minimal (e.g., in November 2001, five people died in Hurricane Michelle, which was the most powerful storm to hit the island since 1944), largely due to the well-coordinated efforts of National Civil Defense leadership, the Ministry of Public Health, local government institutions, and local and national media. Educating the public about hurricanes is an ongoing priority, with TV programming, national drills, workshops, seminars, instruction and competitions for schoolchildren, and, for first responders, continuing reviews and procedural updates.

The Cuban system of preparation and evacuation is based on a few fundamental principles, namely:

- Citizen engagement – participation of civilians in preparing for natural disasters through training and education
- Coordination – disaster relief plans are crafted with the participation of government leaders, civilian defence personnel, community organizations and local political leaders
- Maintaining social services – Cuba provides vital resources so that hospitals, schools and other institutions remain open during a natural disaster
- Vulnerability identification – each municipality identifies citizens and infrastructure deemed vulnerable, thus easing the evacuation process

- Protecting/assuring property – the Cuban government helps citizens protect personal items during evacuations and ensures that damaged property will be replaced at no cost

These factors have helped ensure that our mining and energy businesses in Cuba operate in an environment where emergency response capacity is well developed and well integrated into the risks facing the most vulnerable members of the community across the island.

Addressing aging infrastructure is challenging in an operating refinery, but we have been able to make significant progress thanks to a collaborative approach that leverages the knowledge of our experienced workforce.

ADDRESSING AGING INFRASTRUCTURE AT FORT SASKATCHEWAN

Ensuring that our Fort Saskatchewan site, which is more than 60 years old, remains a safe and sustainable operation is an ongoing priority for Sherritt. The site was originally built in 1954, and then expanded with fertilizer facilities in 1965. Its infrastructure has begun to reach end of life and will require replacement and refurbishment. When we formed the Moa Joint Venture with our Cuban partners in 1994, the long-term viability of the site became more certain than in previous years, allowing us to begin a multi-year program to plan and execute infrastructure-replacement projects.

We started this program in the mid-1990s, focusing first on aging electrical infrastructure (transformers, motor control centres and cabling). As these risks were addressed, focus moved on to structural systems such as pipe racks. More recently, we embarked on an ambitious effort to repair or replace structural steel in buildings and conveyors that have reached end of life. This work is challenging to complete in an operating refinery, but we have been able to make significant progress thanks to a collaborative approach that leverages the knowledge of our experienced workforce.

Under the leadership of our lead structural program engineer, we have external engineering, inspection and construction contractors working very closely with our operations and maintenance personnel on the planning of each project to ensure that it can be conducted safely and with minimal direct impact to operations. Given the challenges of the current commodity price environment, work needs to be prioritized, but we remain very committed to

progressing projects that are critical to the safety of our employees, the community and the environment – and to the sustainable operation of the refinery.

Ambatovy has incorporated Voluntary Principles on Security and Human Rights (VPSHR) related requirements into its agreements with both private and public security providers. Such requirements include pre-employment screening and comprehensive training on security and human rights and the use of force.

IMPLEMENTING THE VOLUNTARY PRINCIPLES IN MADAGASCAR

At Ambatovy, we began to implement the Voluntary Principles on Security and Human Rights (VPSHR) in 2009. Since then, Ambatovy has taken a series of proactive steps to bring the site into greater conformance with the VPSHR. In 2012 and 2013, Ambatovy conducted third-party rights risk assessments that mapped out human rights and security-related risks to both our company and our stakeholders. The results of the risk assessments have been used to strengthen existing policies and procedures as well as to develop new systems and programs to prevent and mitigate the identified risks.

Ambatovy has incorporated VPSHR-related requirements into its agreements with both private and public security providers. Such requirements include pre-employment screening and comprehensive training on security and human rights and the use of force.

At Ambatovy, we have partnered with various international organizations, including the International Committee for the Red Cross and the French Embassy's gendarmerie, to facilitate training for public and private security providers. Such training has included a five-day seminar on the VPSHR with representatives from Madagascar's army, gendarmerie, police, judiciary, the National Independent Anti-Corruption Office, the Chiefs of Districts of Toamasina, and Ambatovy's private security providers.

At the national level, Ambatovy works with other VPSHR member companies and governments to promote the VPSHR with the Malagasy government.

In 2014, Ambatovy hosted a symposium for the diplomatic, international business and security communities on the promotion of and respect for human rights. In 2015, Ambatovy collaborated with the U.S. Embassy on engaging with the Malagasy Prime Minister's Office and the Secretary of State for the Gendarmerie Nationale to encourage the country's formal support of the VPSHR.

Ambatovy reports on its progress in relation to its commitment to the VPSHR in an annual report to the Voluntary Principles plenary.

We developed an innovative visual-learning tool for small, peer-led discussion groups made up of employees, where participants would be guided through a dialogue about our business, our strategy, Our Purpose and Our Promises and how our success will be measured through our performance scorecard.

STRENGTHENING CULTURE AND PERFORMANCE BY "SEIZING OPPORTUNITIES TOGETHER"

In 2014, our President and CEO, David Pathe, and his leadership team charted a new course for Sherritt with the development of a new strategic plan. The key elements of this plan were launched in 2015, including our new vision and values statement, referred to as "Our Purpose and Our Promises", and the introduction of a new performance scorecard to measure Sherritt's key performance indicators. Our challenge was to engage employees in multiple international locations, so they understand the elements of the new strategic plan and embrace the culture we are building at Sherritt.

To address this challenge, we developed an innovative visual-learning tool for small, peer-led discussion groups made up of employees. These groups would use the tool in two-hour sessions – which we named "Seizing Opportunities Together" – where participants would be guided through a dialogue about our business, our strategy, Our Purpose and Our Promises and how our success will be measured through our performance scorecard. The goal of these sessions has been to create a baseline of common understanding, alignment and commitment to these elements of our business.

By the end of 2015, 40 Table Leaders across the company were trained to facilitate these sessions, and our target is to have 60% of our employees participate in a session by the end of 2016. These sessions will then be embedded into our ongoing employee orientation and training programs.

All of Sherritt's employees based in North America, as well as expatriate employees located elsewhere, completed an interactive training module that summarizes the key points of Sherritt's policy, together with questions regarding how to correctly respond to situations where the potential for corruption or fraud exists.

ROLLING OUT ANTI-CORRUPTION TRAINING

In 2015, Sherritt updated its Anti-Corruption Policy and by the end of the year, 54% of our total eligible workforce received anti-corruption training.

Based on feedback from the 2012 training, which consisted of group presentations followed by a question-and-answer session, Sherritt used a more nuanced training platform that took into account the different cultural and situational pressures facing its workforce. An interactive training module that summarizes the key points of Sherritt's policy, together with questions regarding how to correctly respond to situations where the potential for corruption or fraud exists, was completed by all of Sherritt's employees based in North America, as well as expatriate employees located elsewhere.

It was agreed, however, that the language and examples used in the general anti-corruption training might not be accessible for employees and contractors unfamiliar with a North American or European work environment. To address this issue at our operation in Madagascar, Ambatovy Human Resources, led by the Head of Learning and Development, prepared a Malagasy-language interactive web-based training tool featuring video vignettes of culturally relevant situations. The Ambatovy training required employees to watch each vignette and guide a fictional employee to respond correctly to circumstances where the potential for corruption or fraud existed. The vignettes included such situations as: an employee being pressured by a friend to secure a job and a vendor offering a gift to an employee if that person "overlooked" the fact that the vendor had not passed a safety audit. The

vignettes were developed to resemble a well-liked style of Malagasy theatre and used well-known Malagasy actors.

Expatriates at Ambatovy were also required to complete this additional training, so that both national and expatriate workers would have a common starting point for further conversations about corruption and how employees should respond to difficult situations. Employees and contractors who took part in the training had positive feedback and tended to respond correctly to the content-based questions set out in the training.

Youth-related initiatives are part of Ambatovy's Zero Tolerance Program, established to protect children and fight against child sexual exploitation. All Ambatovy personnel, as well as contractors, have signed a policy document to affirm their commitment to this important effort.

SUPPORTING CHILDREN AND YOUTH IN MADAGASCAR

Youth involvement is one of the cornerstones of the HIV/AIDS and sexually transmitted disease awareness campaigns that Ambatovy oversees in communities near our operations. Ten kiosks, constructed in partnership with the United Nations Children's Fund (UNICEF), provide local youth along the main thoroughfares with locations for gathering, exchanging information and providing one another with support. The kiosks are managed by 20 peer educators trained by Ambatovy, who provide information to local youth regarding HIV/AIDS and sexually transmitted diseases (STDs). In 2015, all the kiosks were transferred to Regional Direction of Youth, which supports and coaches the young peer educators.

These youth-related initiatives are part of Ambatovy's Zero Tolerance Program, established to protect children and fight against child sexual exploitation. All Ambatovy personnel, as well as contractors, have signed a policy document to affirm their commitment to this important effort.

Also in partnership with UNICEF, Ambatovy constructed four eco-friendly schools in 2013, and the first environmental education program started in September 2014. With our work completed on the project, VOAHARY VOAKAJY, a local non-governmental organization, is now operating the schools, teaching environmental and conservation courses to students in the surrounding area. In 2015, approximately 900 students benefitted from this program.

Sherritt was recognized for successfully implementing a range of sustainable mining solutions at Ambatovy, including a biodiversity management program that targets “no net loss”; a “buy locally, hire locally” policy that is supported by several leading-edge initiatives; agricultural skills training for more than 18,000 people from local communities; developmental partnerships with international organizations such as the World Bank, UNICEF and the Red Cross; and innovative archeological and retrenchment programs.

AWARD FOR EXCELLENCE IN SUSTAINABLE DEVELOPMENT AT AMBATOVY

Sherritt was very pleased to win the 2015 Syncrude Award for Excellence in Sustainable Development for its sustainability work at the Ambatovy Joint Venture in Madagascar. The award, issued by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), acknowledges companies or individuals who are “active seekers of sustainability solutions”.

At a ceremony in Montreal on May 11, 2015, Sherritt was recognized for successfully implementing a range of sustainable mining solutions at Ambatovy, including a biodiversity management program that targets “no net loss”; a “buy locally, hire locally” policy that is supported by several leading-edge initiatives; agricultural skills training for more than 18,000 people from local communities; developmental partnerships with international organizations such as the World Bank, UNICEF and the Red Cross; and innovative archeological and retrenchment programs.

“Winning this award is an important achievement, as sustainable mining is core to our business,” said Sherritt’s President and CEO, David Pathe. “It is a proxy for good management and something that all our stakeholders have come to expect. We are very proud of the work in Madagascar, and I congratulate the entire team at Ambatovy that works tirelessly to ensure we are creating lasting benefits wherever we operate.”

Through our cataloguing and conservation work, we have identified approximately 250 types of orchids – 25% of all existing orchids in Madagascar – of which eight are new species to science and found only in our conservation areas.

CONSERVING MADAGASCAR'S PRECIOUS ORCHIDS

Located off the coast of Africa, the island of Madagascar is home to more than 1,000 species of rare – and often endangered – orchids. As part of our commitment to biodiversity management, we systematically survey the Ambatovy mine footprint for orchids. Once identified, they are individually catalogued and conserved for future re-establishment after mining operations cease. The photograph shows rows of orchids that have been transplanted for conservation and identification in our orchidarium, a shade house that is staffed by local experts and contains more than 900 precious samples. Through this work, we have identified approximately 250 types of orchids – 25% of all existing orchids in Madagascar – of which eight are new species to science and found only in our conservation areas. This is an example of how we take careful and innovative approaches to protecting impacted ecosystems for future generations.

Energas's Varadero combined cycle facility produces lower GHG emissions for each gigawatt hour (GWh) of electricity than other facilities, reducing overall GHG emissions in Cuba.

CLEAN DEVELOPMENT MECHANISM CREDITS IN CUBA

Energas, S.A., the electricity-generating joint venture enterprise operated by Sherritt, installed a system that uses waste exhaust heat to generate steam and produce electricity (called a combined cycle generating unit) at its Varadero facility in 2003. In 2007, this unit was granted Clean Development Mechanism (CDM) status under the provisions of the Kyoto Protocol by the United Nations Framework Convention on Climate Change (UNFCCC). While the international framework containing the rules governing the CDM expired in 2012, the continuance of the CDM post-2012 has been supported through a commitment by certain regional and domestic emission-trading markets to allow entities to use Certified Emission Reductions to meet their compliance obligations under these systems.

Energas's Varadero combined cycle facility produces lower GHG emissions for each gigawatt hour (GWh) of electricity than other facilities, reducing overall GHG emissions in Cuba. By the end of 2014, 1,533,082 tonnes of carbon dioxide emission reductions had been documented for the Kyoto credits. Of these, only 343,125 tonnes' worth of credits have been issued, mainly due to delays in verification and approvals. An additional 638,392 tonnes have been approved and are ready for issuance, with 184,779 in the approval process for future issuance. At the end of 2014, a further 366,786 tonnes covering the reporting periods of 2012 (172,210 tonnes), 2013 (127,164 tonnes) and 2014 (67,412 tonnes) were documented on a preliminary basis.

The first Energas CDM project at Varadero was approved to receive credits over a seven-year monitoring period. To continue receiving CDM credits, Energas must apply to the UNFCCC for renewal for the Varadero facility. We will make a decision on whether to proceed with this renewal on the basis of current economics, revised processes and any benefits or drawbacks associated with the registration of our second facility that would qualify: the recently built Boca de Jaruco combined cycle generation site.

Joint Fact Finding (JFF) is a multi-stakeholder process that involves subject-matter experts, decision-makers and key stakeholders working collaboratively to address community concerns, reach conclusions and recommend actions.

JOINT FACT FINDING AT AMBATOVY TO ADDRESS COMMUNITY CONCERNS

Ambatovy established a multi-stakeholder process called Joint Fact Finding (JFF) to address community concerns and to come to a common understanding of disputed technical information or facts. JFF involves subject-matter experts, decision-makers and key stakeholders working collaboratively to address community concerns, reach conclusions and recommend actions. These efforts have been very successful in improving communication and building trust and credibility between our operations and the community by correcting misinformation, addressing rumours and resolving disputes. Our first JFF addressed a community concern regarding air emissions from our plant and led to efforts to educate local residents and dispel fears regarding the emissions and whether they could have an adverse effect on community health. In 2015, we retained a consultant to perform a review of the JFF process to evaluate its effectiveness and to recommend improvements. Opportunities for improvement include: strengthening internal alignment within Ambatovy to ensure everyone involved has a common understanding of any particular issue that needs to be resolved; and communicating more effectively with communities by using less scientific language, which generally does not resonate well with them. The evaluation report also prioritized topics that could be addressed through the JFF approach, such as impacted land along the pipeline and mine lease area incursions – both of which have potential to be a source of conflict with the community.

We have implemented a range of programs and have made support tools available to local businesses and entrepreneurs so they can provide our Ambatovy operation with goods and services that meet our standards of procurement and quality.

WORKING WITH LOCAL BUSINESSES AT AMBATOVY

Ambatovy is committed to maximizing economic returns to our local communities. We have implemented a range of programs and have made support tools available to local businesses and entrepreneurs so they can provide Ambatovy with goods and services that meet our standards of procurement and quality. The Ambatovy Local Business Initiative (ALBI) was created during construction to support our commitment to buy locally. In 2015, more than 509 local suppliers provided Ambatovy with goods and services across 40 sectors of business, including construction, transportation, cleaning and catering services. Examples of locally sourced materials include pallets used for shipping nickel and cobalt as well as uniforms distributed to our employees. The exact number of jobs created to indirectly support Ambatovy's procurement needs is difficult to calculate – however, we know that almost 500 jobs were created to build wood pallets; manufacture uniforms; and recycle plastic, tires and wood.

The Cultural and Social Centre (CCS) is an independent educational organization that runs a training centre for disadvantaged youth from Toamasina, teaching them practical skills to find jobs or start their own small businesses.

TRAINING YOUTH WHILE REDUCING WASTE

Ambatovy has a large stock of pallets and wooden crates stored at the plant site. In order to minimize waste, we turn to local businesses and organizations – such as the Cultural and Social Centre (CCS) – to recycle and transform them into useful products they can sell. The CCS is an independent educational organization that runs a training centre for disadvantaged youth from Toamasina, teaching them practical skills to find jobs or start their own small businesses.

Through the Ambatovy Local Business Initiative (ALBI), we provide the CCS with up to 200 m^3 of used wood per month, as well as skills training, monitoring, mentoring and general business advice. The CCS has a workshop that recycles and transforms the wood not only into furniture and other daily-life objects, but also into fuel in the form of chip briquettes, helping to reduce the use of charcoal.

"We have one of the best-equipped workshops in Toamasina," said the CCS's director, Mr. Ratovonera. "So far, we have noted that our trainees can easily find jobs once they complete their training, and our best students are regularly sought after by several companies." Over the long run, CCS expects that the wood-recycling initiative will be of significant benefit to the region in the areas of employment creation, entrepreneurship development and pollution reduction.

The Tsaratanana (Good Governance) Project is a demonstration of the role that Ambatovy plays in helping catalyze discussions on transparency, and the distribution and use of funds generated by our business.

ROYALTIES GOVERNANCE AT AMBATOVY

At Ambatovy, we established the Tsaratanana (Good Governance) Project to develop a credible mechanism for royalty distribution at the community level, as required by the Malagasy law for large mining investments. The project is overseen by a steering committee with representatives from various Malagasy government ministries (including the Presidency and the Prime Minister's Office), as well as the Chamber of Mines and the Extractive Industries Transparency Initiative in Madagascar. The project is designed to provide recommendations to the national government on how best to distribute the royalties it receives from our business to the local jurisdictions that are impacted by our presence, and to ensure these funds are managed effectively, transparently and sustainably to help these communities achieve their aspirations.

A consulting firm was retained to help with this work. Over the past several months, the firm has had consultations with key government representatives, donors and civil society groups, among others, and held consultations and workshops in the field with local authorities, traditional leaders and community members. The firm's work led to the proposal of a mechanism for the management of the royalties that would divide them as follows:

- a portion would be paid directly to a dedicated treasury account belonging to the communities to cover their operating costs;
- a portion would be paid to a dedicated treasury account belonging to two inter-communal entities (one in each region where Ambatovy operates: Alaotra-Mangoro and Atsinanana) that

would be created for joint investments in needed infrastructure, such as hospitals or technical schools; and

- the final portion would be paid to a dedicated treasury account belonging to a foundation that can earn interest and generate funds for the future, beyond the life of the mine.

The proposal has generated many questions and much interest from all parties. Government representatives agreed to return to their respective ministries to have internal discussions. We are hopeful that the project will be formally accepted by government in the near future. In any event, this effort is another demonstration of the role that Ambatovy plays in helping catalyze discussions on transparency, and the distribution and use of funds generated by our business.

In 2015, we invested more than $450,000 in community projects across Cuba – about half of that amount went towards supporting Moa, the municipality adjacent to our nickel mining joint venture, and the other half to Cardenas and Santa Cruz del Norte, communities near our Oil & Gas and Power facilities.

COMMUNITY INVESTMENT IN CUBA

Since we began operating in Cuba more than 20 years ago, we have always invested in the development of communities near our sites. In the mid-2000s, this effort, referred to as the Cuba Community Investment Program, took on a more formal structure and approach. Sherritt began working with local and provincial governments in Cuba to develop an annual community investment plan for purchasing equipment and goods to meet local development needs that aligns with national development priorities, known in Spanish as the *Linamientos*. The Cuban authorities would arrange for the installation or use of these items by local state-run agencies and organizations. This approach serves as a great example of effective community development planning, with highly capable local leaders setting clear development goals for their communities that a company like ours supports.

Over the years, we have made several millions of dollars' worth of investments to support a range of community-development initiatives in Cuba, including a project to provide public lighting along the streets in communities near our OGP facilities. Those efforts improved visibility along many roads during the evening, contributing directly to public safety.

In 2015, we invested more than $450,000 in community projects across Cuba – about half of that amount went towards supporting Moa, the municipality adjacent to our nickel mining joint venture, and the other half to Cardenas and Santa Cruz del Norte, communities near our Oil & Gas and Power facilities. Investments included: the procurement of air conditioning units for a municipal

hospital, construction equipment, refrigeration units, road-repair equipment, waste management bins and furniture for a cultural centre. Although many of these investments may seem small in scale, they do contribute to the quality of life of the Cuban people in communities around our operations.