

Sherritt International Corporation

**Fighting Against Forced Labour and
Child Labour in Supply Chains**

2024 Annual Report to the Minister of Public Safety



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About This Report

This is a joint report being filed in respect of Sherritt International Corporation (“Sherritt”), a corporation incorporated under the *Canada Business Corporations Act*, and The Cobalt Refinery Company Inc. (“COREFCO”), a corporation incorporated under the *Alberta Business Corporations Act*. This report was determined to be a joint report on behalf of Sherritt and COREFCO because Sherritt has a 50/50 partnership with General Nickel Company S.A. (“GNC”) of Cuba (the “Moa Joint Venture” or the “Moa JV”) and together, Sherritt and GNC each hold 50% of the issued and outstanding shares of three companies that comprise the Moa JV (more details below). COREFCO is the only company of the three in the Moa JV that carries out business in Canada, where it owns and operates the metals refinery in Fort Saskatchewan, Alberta. As COREFCO relies on Sherritt policies, due diligence, and management systems, both entities will be reporting on the requirements under Bill S-211 *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff*¹ (the “Act”) jointly in this report.

This is Sherritt and COREFCO’s second Annual Report on Fighting Against Forced Labour and Child Labour in Supply Chains as a requirement of the Act.

The scope of this joint report includes the steps Sherritt and COREFCO have taken during 2024, and in previous years, where relevant, to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods, in Canada or elsewhere, by Sherritt, COREFCO and/or their subsidiaries and/or suppliers. This report has been written to meet the annual report requirements listed below as stipulated in the Act.¹

- a) Describe the entity’s structure, activities, and supply chains;
- b) Describe the entity’s policies and its due diligence processes in relation to forced labour and child labour;
- c) Describe the parts of the entity’s business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk;
- d) Describe any measures taken by the entity to remediate any forced labour or child labour;
- e) Describe any measures taken by the entity to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chain;
- f) Describe the training provided to employees on forced labour and child labour;
- g) Describe how the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains; and
- h) Report approval and attestation.

¹ S-211 An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff. January 2025. Available at: <https://www.parl.ca/LegisInfo/en/bill/44-1/S-211>

Requirement (a): Structure, activities, and supply chains

Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt – metals deemed critical for the energy transition. Sherritt’s Moa JV has an estimated mine life of approximately 25 years and is advancing an expansion program focused on increasing annual mixed sulphide precipitate production by 20% of contained nickel and cobalt. The Corporation’s Power division, through its ownership in Energas S.A. (“Energas”), is the largest independent energy producer in Cuba with installed electrical generating capacity of 506 MW, representing approximately 10% of the national electrical generating capacity in Cuba. The Energas facilities are comprised of two combined cycle plants that produce low-cost electricity from one of the lowest carbon emitting sources of power in Cuba. Sherritt’s common shares are listed on the Toronto Stock Exchange under the symbol “S”.

Metals Enterprise - Moa Joint Venture and Fort Site

Sherritt has a 50/50 partnership with GNC of Cuba in the Moa JV. In addition, Sherritt has a wholly owned fertilizer business, sulphuric acid, utilities and storage, and administrative facilities in Fort Saskatchewan, Alberta, Canada that provide additional sources of income.

The Moa JV is a vertically integrated nickel and cobalt mining, processing, refining, and marketing joint venture between subsidiaries of Sherritt and GNC. The operations of the Moa JV are carried on through three companies:

- Moa Nickel S.A. (“Moa Nickel”) – owns and operates the mining and processing facility in Moa, Cuba;
- COREFCO – owns and operates the metals refinery in Fort Saskatchewan, Alberta; and
- International Cobalt Company Inc. (ICCI) – acquires mixed sulphides from Moa Nickel and other third-party feeds, contracts with COREFCO for the refining of such purchased materials, and then markets the finished nickel and cobalt; located in Nassau, Bahamas. Third-party feeds typically represent <5% of the total mineral provided to COREFCO.

Within the report, the operations in Moa will be referred to as “Moa Nickel” and the operations in Fort Saskatchewan will be referred to as “the Fort Site”.

For assurance on the responsible production and supply of minerals, Moa Nickel and COREFCO rely on Sherritt policies, due diligence, and management systems. Accordingly, unless otherwise specified, reference to Sherritt level policies, processes and management systems applies to COREFCO for meeting reporting obligations under the Act.

Power

Sherritt holds a one-third interest in Energas, a Cuban joint venture corporation established to operate facilities for the processing of raw natural gas and the generation of electricity for sale and delivery to the Cuban national electrical grid system.

The remaining two-thirds interest in Energas are held equally by two Cuban government agencies: Unión Eléctrica and Unión Cubapetróleo.

There are no reporting obligations for Energas per Section 9 of the Act.

Oil and Gas

Oil and Gas is not currently producing or exploring for oil and gas in Cuba and its financial results relate to non-core operating activities of the Corporation.

There are no reporting obligations for Oil and Gas per Section 9 of the Act.

Requirement (b): Policies and due diligence processes

The following sections describe Sherritt’s policies and due diligence processes, which are fully integrated into COREFCO’s management systems.

Sherritt’s responsible sourcing strategy encompasses all elements of the mineral supply chain from sourcing to production and the supply of intermediate and finished products. Sherritt has a management system in place to manage environmental and social risks and to meet or exceed performance targets.

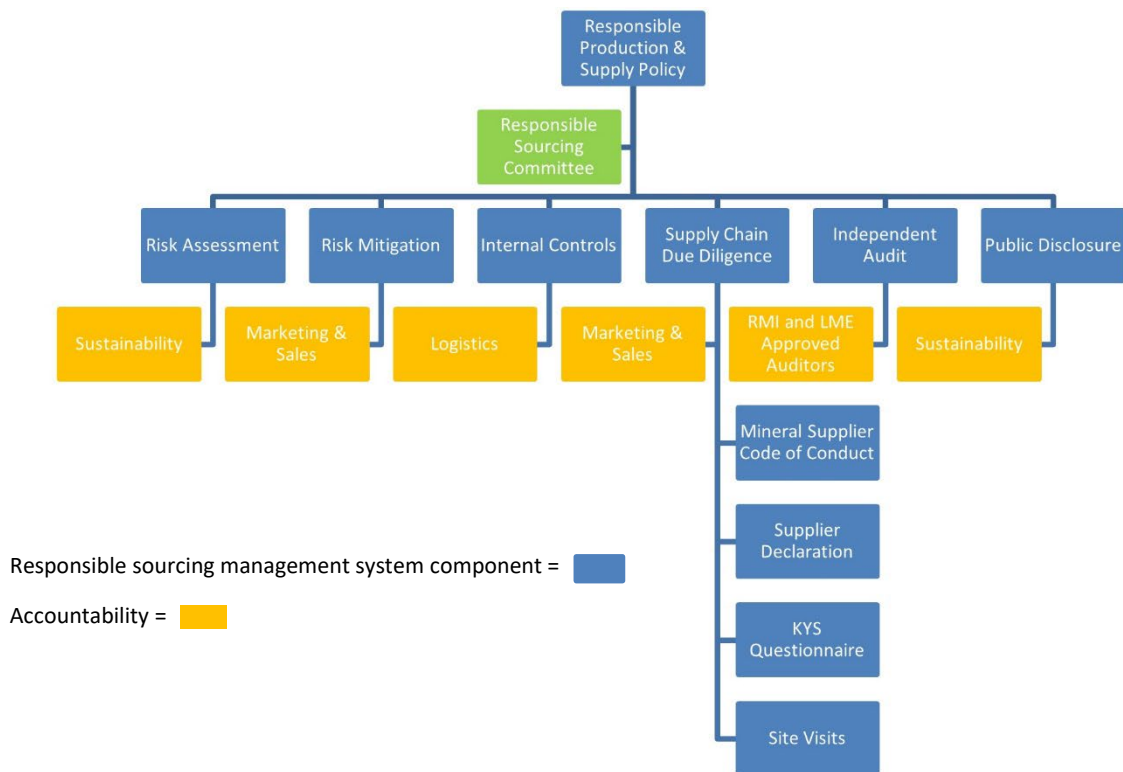


Figure 1. Sherritt's Responsible Sourcing Management System & Accountabilities

Policies

Sherritt’s [Environment, Health, Safety and Sustainability Policy](#) and [Human Rights Policy](#) articulate Sherritt’s overarching commitments and expectations for our employees, contractors and suppliers in these areas. Collectively, these two policies set the umbrella for other policies and standards enforced by Sherritt, including Sherritt’s [Responsible Production and Supply Policy](#). The Responsible Production and Supply Policy is consistent with standards set forth by the Organisation for Economic Co-operation and Development (OECD)¹ and specifically articulates that Sherritt and its subsidiaries will neither tolerate nor by any means profit from, contribute to, assist with, or facilitate the commission by any party of all forms of forced labour and child labour.

The Responsible Production and Supply Policy outlines Sherritt’s, the Moa JV’s, and its subsidiaries’ commitments to human rights including forced labour and child labour, environment, health and safety, transparency, and ethical mineral supply. The Policy is supported by Sherritt’s [Raw Material Feed Supplier Code of Conduct](#) (“Supplier Code of Conduct”), which articulates in a more detailed fashion the requirements and expectations of mineral feed suppliers to COREFCO in the areas of human rights including forced labour and child labour, ethical business practices, occupational health and safety, environment, and Conflict-Affected and High-Risk Areas (CAHRAs).

The Supplier Code of Conduct is supported by a supplier declaration that collects information on supplier responsible

¹ [OECD Due Diligence Guidance for Responsible Business Conduct - OECD](#)

production and supply policies and due diligence management systems. This document assists in the assessment of supplier policies and systems covering ownership, human rights, environment, occupational health and safety, business ethics, OECD Annex II risks, CAHRAs, and red flags.

As stated above, all Sherritt's policies, and the Supplier Code of Conduct, are fully integrated into COREFCO's management system.

In 2024, Sherritt advanced and released a Child and Forced Labour Standard. The development of this standard was a result of Sherritt and COREFCO's commitment to the Mining Association of Canada's Towards Sustainable Mining (TSM) program and the requirements outlined in their protocol pertaining to Preventing Child and Forced Labour. This standard outlines commitments and management system requirements regarding the prevention of child labour and forced labour at Sherritt operations. In 2025, Sherritt will conduct rollout efforts in relation to this standard, such as training, to ensure full integration into COREFCO's management system.

Requirement (c): Forced labour or child labour risks

The following sections describe Sherritt's forced labour and child labour risks. These are also representative of COREFCO's key risks with respect to forced labour and child labour. Unless explicitly identified otherwise, all management system tools and mitigative measures described herein are representative of both Sherritt and COREFCO's approaches.

Sherritt's mineral supply chain has been identified as the area of the business most likely to be at risk for interacting with child or forced labour. Accordingly, Sherritt has embedded several de-risking processes into its mineral supply chain to ensure that no minerals are sourced from or transit through areas where risks of forced labour or child labour exist.

Given that the majority (>95%) of minerals refined by COREFCO come from its own joint-venture mine (Moa Nickel), most of the feed is supplied by an operation that is internally subject to Sherritt's policies, which strictly prohibit any use of forced or child labour. COREFCO also toll-refines a relatively small amount of minerals from a select group of third-party suppliers, which are subject to assessments verifying that their practices are consistent with Sherritt's policies and codes of conduct.

Sherritt's own joint venture mine and its supplementary feed suppliers are managed under a rigorous due diligence process to ensure they remain compliant with Sherritt's Human Rights Policy, its Responsible Production and Supply Policy, and its Supplier Code of Conduct. In addition, suppliers are required to complete 'Know-Your-Supplier' (KYS) questionnaires and supplier declarations.

The KYS process includes but is not limited to the following activities:

1. Identifying all mineral feed suppliers;
2. Sending all suppliers a KYS package that includes the mineral feed policy, supplier code of conduct, questionnaire, and declaration;
3. Reviewing and documenting the supplier responses in the questionnaire;
4. Reviewing and documenting the supplier declaration response;
5. Holding calls and meetings with suppliers; and
6. Conducting risk-based supplier site visits.

The following information is collected and assessed from all mineral suppliers:

1. Where available, a copy of the suppliers responsible and ethical production policies;
2. Documentation of the mineral type, point of origin, and location of the mine;
3. Methods of mineral extraction and processing used;
4. Identification of whether the minerals has been sourced from or transited through a conflict or high-risk area; and
5. Legal status of the entity and the minerals.

In addition to completing the aforementioned due diligence requirements, Sherritt regularly conducts mineral supply chain risk assessments based on the Responsible Business Alliance (RBA)/Responsible Minerals Initiative's (RMI) Risk Readiness Assessment for smelters and refiners. The scope of the risk assessment which was updated in 2024 included 29 issue areas covering environmental, labour and working conditions, community, and business and human rights aspects of mining and refining operations. No significant material mineral supply chain risks were identified.

Sherritt has also developed and implemented a procedure for conducting regular CAHRA assessments¹. CAHRA assessments cover the minerals produced, transported, mined, and purchased by Sherritt, the Moa JV, COREFCO, and Moa JV subsidiaries. For the last several years, Sherritt has completed CAHRA assessments on behalf of COREFCO, all of which to-date have determined that the minerals produced by COREFCO are not sourced from or transit through CAHRAs. The assessments are updated annually and any time a new mineral supplier is considered for mineral feed sourcing, transit, or operation including any new joint venture partnerships.

Table 1. Methodology and Scope of Sherritt and COREFCO's combined CAHRA Risk Assessments

Assessment Information	Details
Assessment Steps	<ol style="list-style-type: none"> 1. Identification of the locations of mineral origin and transit, including third-party mineral feeds; 2. Identification of all mineral suppliers; 3. Utilization of credible indices to assess the countries and regions of mineral origin and transit for conflict, other risks, and red flags; 4. Review of mineral supplier CAHRA assessments; and 5. Documentation of the assessment.
Assessment Scope	<ul style="list-style-type: none"> • Mineral type and point of origin, including the location of the mine; • Geography including known mineral resources and production levels; • The methods of extraction, including artisanal and small-scale mining; • CAHRA and red flag identification; • Supplier legal status and beneficial ownership and/or ownership or other controlling interests in other entities; • Country corruption and transparency; and • OECD Annex II risks, including but not limited to human rights abuses, forced labour, child labour, support for non-state armed group or security forces, bribery, money laundering, and fraudulent misrepresentation of origin.

The results of the annual CAHRA determination are communicated internally to management and publicly in Sherritt's annual [Responsible Production and Supply Report](#).

As a result of Sherritt's due diligence, no risks or incidents of forced labour or child labour were identified in Sherritt or COREFCO's mineral supply chain for the reporting period January 1, 2024, to December 31, 2024. Table 2 below provides the annual data concerning forced labour and child labour determined through Sherritt's annual assessments.

Table 2. Child labour and forced labour annual risk assessment results

Disclosure Component	2024	2023	2022	2021
Operations and suppliers at significant risk for incidents of forced or compulsory labour	0	0	0	0
Presence of worst forms of child labour	None	None	None	None

¹ According to the OECD, CAHRAs are identified by the presence of armed conflict, widespread violence, or other risks of harm to people including human rights abuses such as forced labour and child labour.

In 2025, Sherritt and COREFCO will undergo external verification against the Mining Association of Canada's TSM program. This verification process will include an evaluation of performance against the requirements outlined in the Preventing Child and Forced Protocol. This process includes a review of the completed self-assessment against the protocol by an accredited verifier. Once the verification process is complete, the verification summary report will be publicly available on [Sherritt's TSM webpage](#).

Requirement (d): Remediation measures

Not applicable. No remediation measures have been employed by Sherritt or COREFCO as multiple internal assessments and independent audits have verified that there is no forced or child labour within Sherritt's or COREFCO's supply chain.

Requirement (e): Remediation of loss of income

Not applicable. No measures have been required to be taken to remediate any forced labour or child labour as multiple assessments and independent audits have verified there is no forced or child labour within Sherritt's or COREFCO's supply chain.

Requirement (f): Training

Sherritt and COREFCO have a comprehensive Responsible Production and Supply Training Plan. There are three key modules identified for development in this training plan, including:

1. General Awareness Training
2. Material Receipt Training
3. Supplier Awareness

The first module was developed and delivered in 2023, with training provided to several representatives of both Sherritt and COREFCO including individuals involved in marketing and sales, sustainability, supply chain management, and operational logistics. The goal of the training sessions was to increase awareness and understanding of responsible production and supply context, human rights and forced labour and child labour commitments, management systems and due diligence practices. In 2024 general awareness training was provided to the customer service manager.

Requirement (g): Assessing effectiveness

Sherritt and COREFCO maintain internal control systems to prevent forced labour and child labour in the mineral supply chain through processes and procedures that identify and control the origin of material.

Sherritt and Moa JV policies require the identification of risks in the mineral supply chain and risk-based mitigation through engagement and due diligence reviews with mineral feed suppliers. Supplier expectations and requirements are documented and enforced through agreements and signed supplier declarations. Supplier declarations are reviewed upon receipt and an internal material control system is in place. It allows for the reconciliation of material inputs and outputs through a mass balance approach.

To evaluate and confirm the effectiveness of these processes, Sherritt and COREFCO, jointly, are subject to regularly scheduled independent third-party audits of its supply chains, the results of which are made publicly available on Sherritt's [website](#). Both the independently conducted 2021 OECD-aligned audit and 2024 independent London Metal Exchange red flag assessment validated that Sherritt and COREFCO have a strong internal material control system. Independent audits from 2021 to present have also reviewed Sherritt and COREFCO's CAHRA and red flag assessments and validated them.

Appendix 1: Report Approval and Attestation

In accordance with the requirements of the Act, and in particular Section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Name: Elvin Saruk
Chief Operating Officer

Date: 4/02/25

I have the authority to bind Sherritt International Corporation

Signature: 

Name: Peter Hancock
Non-Executive Director

Date: 4-02-2025

I have the authority to bind The Cobalt Refinery Company Inc.

Signature: 