

# 2021

## SUSTAINABILITY REPORT

**sherritt**





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# About this Report

CEO Message

This report provides information on our sustainability performance for the calendar year January 1, 2021 through December 31, 2021.

Sustainability at Sherritt

Where relevant, we have also included qualitative updates on progress made throughout 2022 on key initiatives.

Environment

This report has been prepared with reference to the [Global Reporting Initiative](#) (GRI) and the [Sustainability Accounting Standards Board](#) (SASB). Disclosures may also align with requirements from other relevant sustainability supporting frameworks including [Ipeca](#), the [Task Force on Climate-related Financial Disclosures](#) (TCFD), the [Carbon Disclosure Project](#) (CDP) and the [International Council on Mining & Metals](#) (ICMM).

Community and Social Impact

Additional information about Sherritt’s sustainability approach and initiatives, as well as past sustainability-related disclosures, can be found [here](#).

Governance

For information on this report, please email [sustainability@sherritt.com](mailto:sustainability@sherritt.com). For all other inquiries, please contact [info@sherritt.com](mailto:info@sherritt.com).



# CEO Message

## CEO Message

Sustainability at Sherritt

Environment

Community and Social Impact

Governance

I am pleased to share with you Sherritt’s 2021 Sustainability Report. Our report outlines our approach, priorities, and the context in which we are pursuing our sustainability objectives and tracking our performance against them.

Sustainability by its very nature is long term and the path to improvement may not always be linear. We are committed to being transparent along the way. We will continue to share both our progress and shorter-term deviations as we journey towards our vision of being recognized as a low-cost, sustainable and responsible supplier of critical minerals, energy and innovative technological solutions that are needed in the transition to a low-carbon future.

2021 marked another year of positive momentum for Sherritt and our partners; we continued to deliver strong production results, concurrent with an improvement in our financial position. I note these at the outset of our report as they are essential to our ability to continue being a competitive and responsible supplier in the energy transition market.

Throughout 2021, our team advanced implementation of our Sustainability Framework. Our Sustainability Framework is intrinsically embedded in our overall business strategy, which is focused on growing and optimizing our existing operations, maximizing value to our shareholders, employees and communities, and building our brand as a preferred supplier of critical minerals. Sustainability-oriented business objectives include decreasing the carbon intensity of our products, continuously improving the health and safety of our employees and contractors, attracting and empowering female colleagues, demonstrating responsible and ethical mineral production and supply, and adhering to international best-practice frameworks in the extraction and processing of our products.

Our 2021 performance against these goals is disclosed throughout this report, and I am proud of the successes we are reporting to date. Although in some cases our performance may not appear to directly align

with our targets, I strongly believe that the groundwork laid by our teams throughout 2021 and into 2022 will provide us with the information and capability to make strategic investments and deliver meaningful results. Initiatives such as our proposed expansion project at Moa Nickel will generate the returns needed to facilitate this advancement. Additionally, we are optimizing environmental considerations into our project planning. For instance, the relocation of our new slurry preparation plant will reduce hauling distances at the Moa Nickel Site. In this way, the benefits of our expansion projects become twofold: improving both the economics of the project and reducing the carbon intensity of our metals.

Furthermore, we recognize that our Cuban partner’s priorities may not always directly align with ours. Our partner’s priorities are often much more immediate in nature. Recently, Cuba has been persevering through the persistent and widespread impact of the COVID-19 pandemic. These challenges are exacerbated by their ability to earn foreign currency from tourism and the expanded U.S. sanctions. This has resulted in wide-scale fuel shortages and power outages, which have substantial impacts on the health and economic well-being of the Cuban people, many of whom work at our operations. In 2021, we continued to work with our partners to provide reliable electricity production from our Energas joint venture to the local power grid. Although our Power business contributes significantly to our overall Scope 1 emissions, the electricity we produce for Cuba using combined cycle technology represents a cleaner alternative to electricity produced from the combustion of crude oil, which occurs elsewhere on this island. It is necessary at this time to produce more power and to help alleviate the difficult conditions that our Cuban colleagues endure. Accordingly, while we continue to advocate with our partners on sustainability-oriented priorities, we



recognize and respect their need to balance other priorities. Ultimately, we believe this will support a just transition to a low-carbon economy and align with Cuba’s long-term energy security and management objectives.

Throughout this report, you will find many examples of progress we have made on our goals, including: increases in the number of women in our workforce and on our Board of Directors; results from our site-specific human rights evaluations that confirm that there are no risks associated with child labour, conflict or other red flags in our mineral production and supply; our continued strong health and safety record; and local hiring and procurement opportunities and countless other socio-economic benefits and community investments associated with our operations. We are proud of these results, and believe they demonstrate why we will remain a preferred supplier of low-cost and responsibly sourced minerals for decades to come. I look forward to continuing to share our journey with you.

**Leon Binedell (signed)**

President and Chief Executive Officer  
Sherritt International Corporation



# SUSTAINABILITY AT SHERRITT

Sherritt is committed to ensuring our operations meet industry best practices. Our Sustainability Framework and management systems provide a focused and practical approach to addressing material sustainability issues, risks and opportunities to enhance performance.

## IN THIS SECTION

- **Our Approach**
- **Responsible Production and Supply**
- **Purpose, Values and Promises**
- **Sustainability Framework**
- **Management System**
- **Sustainability Goals**
- **Materiality Assessment**

# Our Approach

CEO Message

**Sustainability at Sherritt**

Environment

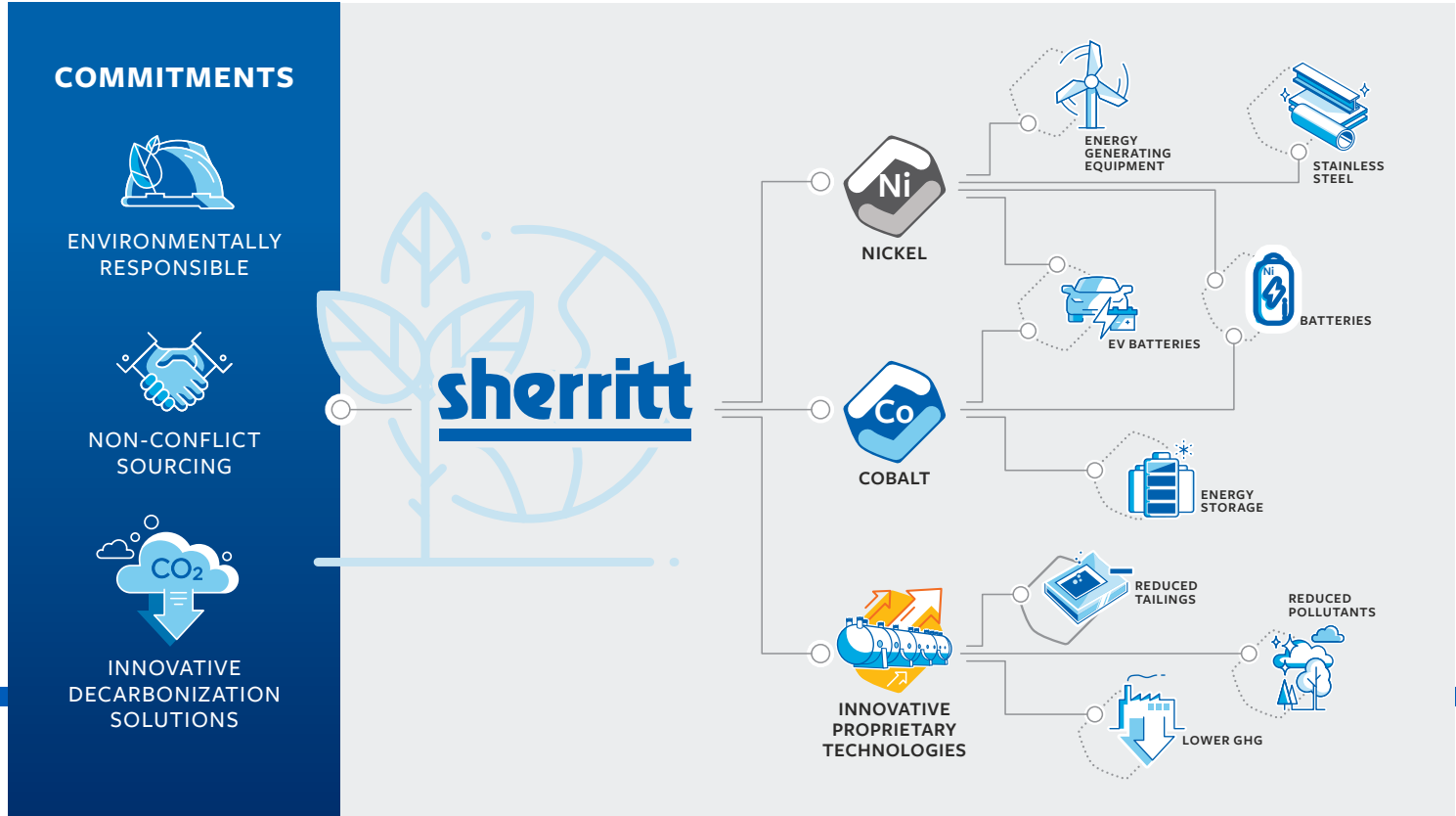
Community and Social Impact

Governance

Sherritt’s products have an important role to play in the transition to a low-carbon future and circular economy.

We are a world leader in the mining and hydrometallurgical refining of nickel and cobalt from lateritic ore. In addition to our commitments to environment, social and governance (ESG) performance and responsible production for the stainless steel and battery markets, we are also developing technologies to improve nickel laterite processing by increasing its efficiency, reducing its carbon intensity and improving its environmental performance.

Sherritt is committed to producing and supplying minerals that meet industry best practices for sustainability and human rights, and to advancing that commitment with its joint venture partners, subsidiaries, and their suppliers and customers. Our responsible sourcing strategy encompasses all elements of the mineral supply chain from sourcing to production and the supply of our finished products.



# Responsible Production and Supply

CEO Message

Sustainability at Sherritt

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Governance

Sherritt is committed to producing and supplying minerals that meet industry best practices for sustainability and human rights, and to advancing that commitment with its joint venture partners, subsidiaries, and their suppliers and customers.

Our responsible sourcing strategy encompasses all elements of the mineral supply chain from sourcing to production and the supply of our finished products.

Sherritt's [Responsible Production and Supply Policy](#) and [Human Rights Policy](#) identify our commitments and our

[Mineral Supplier Code of Conduct](#) identifies expectations for suppliers and due diligence processes to be followed to ensure risks in our mineral supply chain are identified and mitigated.

Sherritt has a robust management system in place to manage environmental and social risks and to meet or exceed performance targets.

## SHERRITT'S RESPONSIBLE PRODUCTION AND SUPPLY DUE DILIGENCE APPROACH



We continue to make progress against our action plans for addressing the requirements of the Organisation for Economic Co-operation and Development's (OECD) [Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#). Additionally, we are actively engaged with the standards of the [Mining Association of Canada](#), the [Responsible Minerals Initiative](#), the [London Metal Exchange](#) (LME), the [Nickel Institute](#) and the [Cobalt Institute](#) to ensure alignment with recognized responsible sourcing initiatives, standards and frameworks. Sherritt advocates for the adoption of all of these guidelines by its partners, subsidiaries and joint venture organizations.



In 2021, Sherritt completed an independent OECD-aligned audit of the Joint Venture responsible sourcing policies and due diligence management systems. The audit validated Sherritt's internal assessment that the minerals produced by Sherritt's joint venture do not originate from or transit through conflict-affected or high-risk areas (CAHRAs).

Sherritt's conformance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Five-Step Framework is at >87%. The disclosure of Sherritt's OECD Five-Step report in Q4 2022 will bring conformance to 100%.

# Purpose, Values and Promises

CEO Message

**Sustainability at Sherritt**

Environment

Community and Social Impact

Governance

## PURPOSE

Sherritt's purpose is to be a low-cost nickel producer that creates sustainable prosperity for employees, investors and communities.

## VALUES

The values that underpin our everyday decision-making at both the corporate and operational levels include:

- Integrity
- Agility
- Safety and sustainability
- Continuous learning and innovation
- Shared prosperity

## PROMISES

**We are committed** to avoiding environmental impacts wherever we can and minimizing, managing and remediating any remaining impacts.

**We are committed** to providing a safe and rewarding workplace for our employees, operating ethically, and engaging stakeholders and benefitting communities wherever we operate.

**We are committed** to a long-term target of achieving net carbon neutrality by 2050 and have developed a climate strategy to achieve that target.

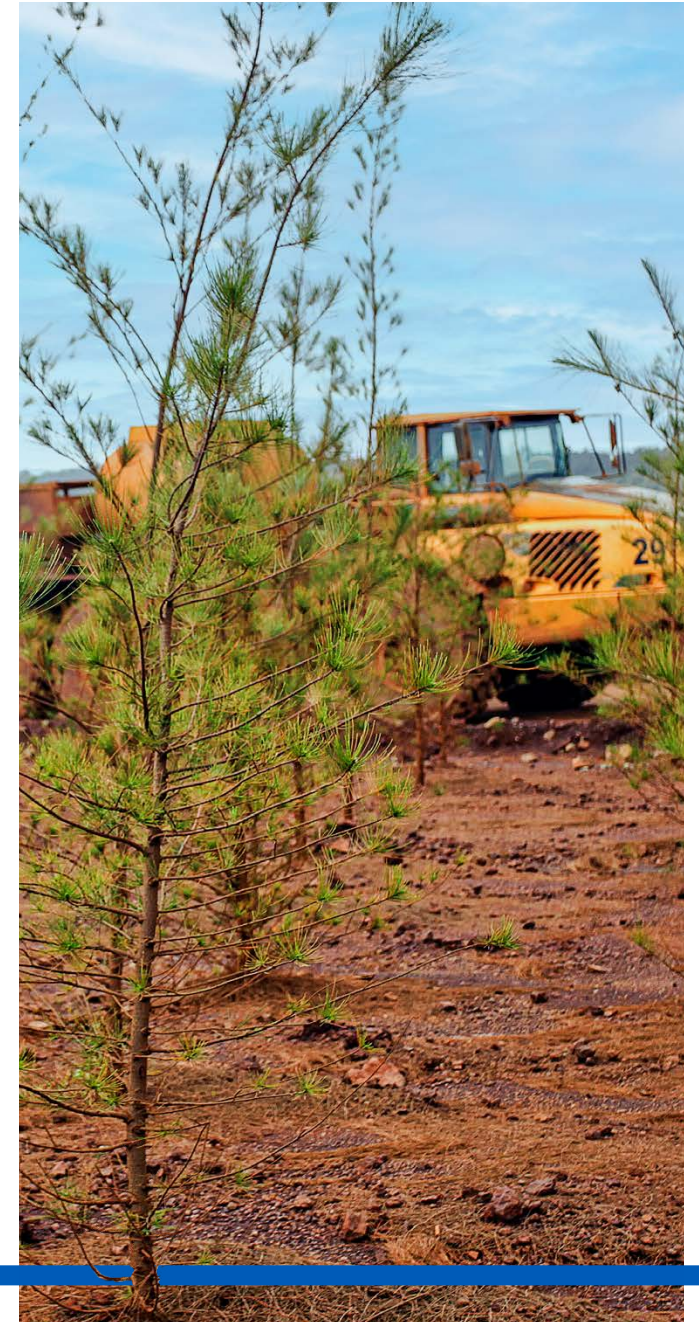
## Sustainability Framework

Sherritt's Sustainability Framework provides a focused and practical approach to addressing material sustainability issues, risks and opportunities and to manage performance.

The framework is underpinned by four key pillars:

1. Providing a Safe and Rewarding Workplace
2. Operating Ethically
3. Demonstrating Environmental Responsibility
4. Engaging Stakeholders and Benefitting Communities

Within each of these pillars, Sherritt has made specific commitments, identified key organizational values and set corresponding targets to guide our decision-making. Implementation of the Sustainability Framework is supported by an integrated management system that sets company-wide standards for planning, implementation, measurement, reporting and assurance of sustainability efforts.





# Management System

CEO Message

**Sustainability at Sherritt**

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Sherritt takes an enterprise-wide approach to managing sustainability which includes an integrated system with a series of sustainability standards.

Our [Environment, Health, Safety & Sustainability Policy](#) identifies our commitments and expectations for our employees, contractors and suppliers. Given the differences between the operating environments in Canada and Cuba, each of our divisions has some flexibility in the way they implement these standards at their operating sites. Site-specific requirements in the standards reflect our experience, our risk profile and industry best practice.

Sherritt is an active member of the Mining Association of Canada (MAC) and we are implementing the requirements of MAC’s [Towards Sustainable Mining \(TSM\) protocols](#). The TSM protocols are a globally recognized sustainability program that supports mining companies in identifying and mitigating key environmental and social risks. These protocols inform several of our policies, operating procedures and sustainability priorities. Our past and present performance against TSM standards can be found [here](#). In addition, Sherritt is a member of the [Voluntary Principles on Security and Human Rights](#). These best-practice principles underpin our [Human Rights Policy](#) and our approach to security at each of the sites. Sherritt is also a member of the Nickel Institute and Cobalt Institute in order to align with recognized best-practice standards and frameworks. Lastly, Sherritt is an active member, and a member of the Steering Committee, for the Devonshire Initiative, which is a multi-stakeholder forum focused on improving sustainable development outcomes in the mining industry.

As described in the [Responsible Production and Supply section](#), Sherritt is also aligning our management systems to meet the requirements of the OECD, RMI, the LME, the Nickel Institute and the Cobalt Institute.

Sherritt reports on implementation of best-practice recommendations issued by several organizations and institutions that provide guidance for managing environmental and social performance.

Organization	See more from Sherritt
<a href="#">OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas</a>	<a href="#">Responsible Production and Supply Policy</a> <a href="#">2020 Responsible Production and Supply Report</a> <sup>1</sup>
<a href="#">The Responsible Minerals Initiative</a>	
<a href="#">Church of England Investor Mining and Tailings Safety Initiative</a>	<a href="#">2021 Tailings Management Report</a>
<a href="#">Global Industry Standard on Tailings Management</a>	
<a href="#">Task Force on Climate-related Financial Disclosures</a>	<a href="#">2021 Climate Report</a>

<sup>1</sup> Sherritt released a 2020 Responsible Production and Supply Report as an interim disclosure, while work to complete the LME Red Flag Assessment to validate alignment of our policies and procedures with the OECD Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the OECD Five-Step Framework was undertaken. With the progress of that work throughout 2021–2022, Sherritt intends to release an OECD Five-Step Framework report in Q4 2022.

# Sustainability Goals

CEO Message

**Sustainability at Sherritt**

Environment

Community and Social Impact

Governance

## Sherritt’s five-year sustainability goals are focused on:

- Aligning the enterprise by focusing on those sustainability priorities shared across Sherritt’s business;
- Addressing existing and emerging industry-wide issues and societal concerns;
- Clearly linking Our Purpose and Our Promises, strategic priorities and the Sustainability Framework;
- Driving improved performance across the business;
- Demonstrating our commitment to sustainability excellence; and
- Aligning with the Sustainable Development Goals (SDGs).

## Our five-year sustainability goals are as follows:

1. Achieve Level A requirements in TSM protocols across all operations.
2. Strengthen our safety culture, behaviour and performance.
3. Improve environmental management.
4. Create community benefit footprints that support local priorities and the SDGs.
5. Improve diversity at all levels throughout the company.
6. Be recognized as a “preferred supplier” of responsibly produced products.

In 2021, we continued to advance work against our targets. For a summary of 2021 performance highlights against our goals, and a description of their alignment with the SDGs, see Table 1 on the next page.



TABLE 1 – 2021 PERFORMANCE AGAINST OUR FIVE-YEAR SUSTAINABILITY GOALS AND ALIGNMENT WITH SDGs

Sustainability Goals	Sustainability Targets	2021 Performance	United Nations Sustainable Development Goals
<p>CEO Message</p> <p><b>Sustainability at Sherritt</b></p> <p>Environment</p> <p>Community and Social Impact</p> <p>Governance</p>	<p><b>TSM</b></p> <p>All operations independently verified to have achieved Level A in TSM protocols by 2024</p>		
	<p><b>ISO</b></p> <p>Fort Site: ISO 45001 (occupational health and safety) and ISO 14001 (environmental management systems) certified by 2023</p> <p>Moa Nickel: ISO 45001 and ISO 14001 certified by 2025</p>		
	<p><b>PROCESS SAFETY</b></p> <p>Fort Site: independently verified to full conformance with CSA-Z767-17 (process safety management) by 2025</p>		
	<p><b>OTHER</b></p> <p>Year-over-year improvement in analyst ESG ratings</p>		
	<p><b>Goal 1:</b></p> <p>Achieve Level A requirements in TSM protocols across all operations</p>		
<p><b>Goal 2:</b></p> <p>Strengthen our safety culture, behaviour and performance</p>	<p><b>LEADING INDICATORS</b></p> <p>Achieve an interdependent safety culture by 2030</p> <p>Independent validation of the implementation of Sherritt fatality prevention standards (FPSs) and visible felt leadership programs by 2024</p>		
	<p><b>LAGGING INDICATORS</b></p> <p>Zero fatalities</p> <p>TRIFR, LTIFR and AIFR &lt; three-year average: TRIFR &lt; 0.31, LTIFR &lt; 0.15, AIFR &lt; 2.68 by 2024</p> <p><b>TRIFR:</b> Total Recordable Incident Frequency Rate    <b>LTIFR:</b> Lost Time Incident Frequency Rate    <b>AIFR:</b> All Injury Frequency Rate</p>		
	<p><b>MANAGEMENT SYSTEMS</b></p> <p>All operations independently verified to have achieved Level A in TSM Safety &amp; Health Protocol by 2024</p>		

**Achieved** – target achieved to date   
 **On track** – performance aligned to hit targets   
 **Ongoing** – additional work is needed to validate we are on track to hit target   
 **Not Achieved** – target has not been achieved, or progress to date suggests target will not be achieved in the given time frame

Sustainability Goals	Sustainability Targets	2021 Performance	United Nations Sustainable Development Goals
<b>Goal 3:</b> Improve environmental management	<b>INCIDENTS</b> Zero significant environmental incidents (as defined by Sherritt's KPI standard)	✔	
	<b>CLIMATE AND ENERGY</b> Achieve net zero greenhouse gas (GHG) emissions by 2050 Reduce overall GHG emissions intensity by 10% by 2030 Obtain 15% of overall energy from renewable sources by 2030 All operations independently verified to have achieved Level A in TSM Climate Change Protocol by 2024 Implement a climate plan that includes risk and opportunity assessments, and mitigation, adaptation, innovation and communication measures	🕒	
	<b>AIR EMISSIONS</b> Reduce NO <sub>x</sub> emissions intensity by 10% by 2024 Reduce H <sub>2</sub> S point emissions intensity by 5% by 2024 <small>NO<sub>x</sub>: Nitrous oxide   H<sub>2</sub>S: Hydrogen sulphide</small>	🕒	
	<b>WATER</b> Increase water reuse/recycling by 5% by 2024 All operations independently verified to have achieved Level A in TSM Water Stewardship Protocol by 2024	🕒	
	<b>TAILINGS</b> Moa Nickel: independently verified to have achieved Level A in TSM Tailings Management Protocol by 2024	🕒	

✔ **Achieved** – target achieved to date  
 ✔ **On track** – performance aligned to hit targets  
 🕒 **Ongoing** – additional work is needed to validate we are on track to hit target  
 ✖ **Not Achieved** – target has not been achieved, or progress to date suggests target will not be achieved in the given time frame

Sustainability Goals	Sustainability Targets	2021 Performance	United Nations Sustainable Development Goals
<b>Goal 4:</b> Create community benefit footprints that support local priorities and the SDGs	<b>INCIDENTS</b> Zero fatalities involving members of the community  Zero significant environmental incidents impacting the community		
	<b>COMMUNITY INVESTMENT</b> 100% of community investments aligned with local priorities by 2024		
	<b>INDIGENOUS RELATIONS</b> Fort Site: independently verified to have achieved Level A in TSM Indigenous and Community Relationships Protocol by 2024		
<b>Goal 5:</b> Improve diversity at all levels throughout the company	<b>REPRESENTATION</b> Increase board and executive team composition to at least 30% women by 2022  Increase women in the workforce to 36% by 2030		
	<b>ORGANIZATIONAL CULTURE</b> All operations to implement Sherritt's Diversity and Inclusion Framework		
<b>Goal 6:</b> Be recognized as a “preferred supplier” of responsibly produced products	<b>EXTERNAL FRAMEWORKS</b> Comply with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas by 2024  Comply with LME responsible sourcing requirements by 2024		
	<b>MANAGEMENT SYSTEMS</b> All operations independently verified to have achieved Level A in TSM Prevention of Child and Forced Labour Protocol by 2024  Fort Site: ISO 45001 and ISO 14001 certified by 2023  Moa Nickel: ISO 45001 and ISO 14001 certified by 2025		

**Achieved** – target achieved to date  
 **On track** – performance aligned to hit targets  
 **Ongoing** – additional work is needed to validate we are on track to hit target  
 **Not Achieved** – target has not been achieved, or progress to date suggests target will not be achieved in the given time frame

# Materiality Assessment

CEO Message

As in previous years, our 2021 materiality assessment focused on identifying priority sustainability issues and risks.

**Sustainability at Sherritt**

Environment

For this year’s report, we undertook a more systematic approach to our materiality assessment, which resulted in some changes to our scoring of material topics. A description of the more rigorous methodology applied in 2021 is provided below. It is our intention to expand stakeholder engagement on our materiality assessment in future years.

Community and Social Impact

Our assessment began by preparing a consolidated listing of all GRI standard disclosure topics as well as those specific to the Mining and Metals and Oil and Gas sectors. We then screened a list of all potential topics to identify their relevance to our operations. Any topic of relevance to our operations was carried forward for an evaluation of its potential importance to stakeholders and potential impact to the business. The evaluation involved assigning a rating of low, medium or high to each of the topics.

To evaluate stakeholder interests, we considered industry and/or global trends and priorities, as well as more localized and site-specific needs and priorities. Where conflicting priorities between those may exist (i.e., climate and emissions versus economic development), we aimed to present a balanced view. Our definition of stakeholders included groups ranging from employees, contractors, local communities, shareholders and investment analysts.

To evaluate impacts to the business, we considered the extent to which management’s approach to a specific topic could impact our ability to operate from a process or safety standpoint, potential impacts on social licence or environmental compliance, the extent to which topic-specific issues may affect attracting and retaining talent, and our own five-year sustainability goals and priorities. We also considered

the degree to which material issues may already be well managed or regulated by existing internal policies or external legislation and prioritized these lower accordingly. While material issues that were ranked as being low in importance to both stakeholders and the business are not shown in our materiality assessment results, where possible we have included data on these topics in the Sustainability Report irrespective of their scoring in this assessment.

A discussion on the broader set of material issues and risk factors that affect Sherritt – including U.S. sanctions on Cuba – can be found in our [2021 Annual Information Form](#).

## 2021 MATERIALITY ASSESSMENT

STAKEHOLDER INTEREST	High	<ul style="list-style-type: none"> <li><a href="#">Emissions</a></li> <li><a href="#">Climate Adaptation, Transition and Resilience</a></li> <li><a href="#">Occupational Health and Safety</a></li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Effluents and Waste (Tailings)</a></li> </ul>
		<ul style="list-style-type: none"> <li><a href="#">Market Presence</a></li> <li><a href="#">Indirect Economic Impacts</a></li> <li><a href="#">Biodiversity</a></li> <li><a href="#">Waste (Material Waste)</a></li> <li><a href="#">Closure and Rehabilitation</a></li> <li><a href="#">Security Practices</a></li> <li><a href="#">Human Rights Assessment</a></li> <li><a href="#">Supplier Human Rights Assessment</a></li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Energy</a></li> <li><a href="#">Water</a></li> <li><a href="#">Asset Integrity and Critical Incident/Emergency Preparedness</a></li> <li><a href="#">Employment</a></li> <li><a href="#">Labour/Management Relations</a></li> <li><a href="#">Local Communities</a></li> <li><a href="#">Diversity and Equal Opportunity</a></li> </ul>
	Low	<ul style="list-style-type: none"> <li><a href="#">Procurement Practices</a></li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Economic Performance</a></li> </ul>
		Low	High

# ENVIRONMENT

Sherritt's products have an important role to play in the transition to a low-carbon future and circular economy. We implement a robust management system that is underpinned by global best practices and designed to ensure strict compliance with regulations and our Operating Licences. We continually seek ways to minimize the impacts of our operations on the environment. A summary of our management approach to material environment topics and 2021 performance is provided on the next few pages. For detailed disclosures on all key topics, please refer to our [2021 Sustainability Scorecard](#).

## IN THIS SECTION

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- **Highlights**
- **Water**
- **Effluents and Waste**
- **Tailings**
- **Climate, Emissions and Energy**



# Highlights

**Zero material non-compliances with local environmental regulations in 2019, 2020 and 2021**

**No significant environmental spills at any of our sites in 2021**

**In 2021, we doubled the amount of land rehabilitated near our operations compared to 2019**

**Improved data collection and reporting on CO<sub>2</sub>e in our Oil & Gas and Power (OGP) Division**

**High-level risk assessments determined that none of Sherritt's operations are located in identified high water risk areas**



Sherritt recognizes that water is an important shared resource, integral to the well-being of communities, essential for ecosystems and a vital input for our operations.

Sherritt’s operations are continually taking steps to identify how to optimize practices and minimize the amount of water we use, and we have included increasing the amount of water recycled at our sites in our [five-year sustainability goals](#).

Water management at each of our sites is tailored to the specific technical requirements, local climate and hydrogeology, and stakeholder interests; however, this is all governed by our overarching Water Management Standard. Sherritt’s Water Management Standard is guided by the principles and practices of the [TSM Water Stewardship Protocol](#). Through implementation of the Water Management Standard, our sites are able to effectively:

1. Identify, evaluate and respond to catchment-level water-related risks and opportunities.
2. Proactively and transparently manage water quantity and quality to reduce potential environmental and social impacts and realize opportunities and collaboration with local regulatory authorities and other stakeholders.

High-level risk assessments conducted in 2021 determined that none of Sherritt’s operations are located in identified high water risk areas.

**TABLE 2 – GRI 303-1 WATER WITHDRAWAL BY SOURCE**

Disclosure Component	Location	2021	2020	2019
Total freshwater withdrawn by segment, in megalitres (M <sup>3</sup> )	Fort Site	2,555.000	2,260.000	2,370.000
	Moa Nickel Site	13,712.029	15,178.062	14,882.947
	OGP	26,657.000 <sup>1</sup>	5,124.111	4,906.977

<sup>1</sup> In 2021, we conducted a freshwater injection for the maintenance of the aquifer below the Varadero gas plant, which resulted in an increase of freshwater withdrawn relative to 2020.

As previously reported in our annual sustainability disclosures, when Sherritt invested in the Moa Nickel Site we inherited a legacy discharge issue that affected water quality in a nearby river.

The discharge is referred to as “waste liquor.” Waste liquor is a by-product of the refining process at the Moa Nickel Site and it is comprised of sulphuric acid and metals. It is currently discharged untreated to Moa Bay via a pipeline from the site. Limits for the total amount of waste liquor discharge are established and regulated by Cuban authorities and the site has remained in compliance with its Operating Licence.

In 2019, the first phase of our efforts to address this issue was completed. Phase 1 involved the relocation of the effluent discharge from a nearby river to Moa Bay – redirecting it away from water systems nearby communities interact with and to an area where greater dilution of the discharge would naturally occur. We also invested in enhanced erosion control in areas around the mine to prevent sediment from reaching local water systems. Follow-up environmental studies have confirmed that the Phase 1 activities reduced impacts on the nearby river and any potential associated human health impacts. Throughout 2021, Sherritt continued to work with its Cuban partners to explore options to further minimize the environmental impacts associated with this discharge. We will continue to report on progress against this initiative in future years.

**35% of water at Moa Nickel was recycled in 2021**  
**23% of water at the Fort Site was recycled in 2021**

There are several tailings management facilities (TMFs) at the Moa Nickel Site. A geotechnical engineer is employed to provide oversight of design, construction and operation of the tailings facilities. Third-party engineering firms are utilized in the design and monitoring of tailings facilities, and an Independent Tailings Review Board provides third-party audit and assurance activities and issues binding recommendations.

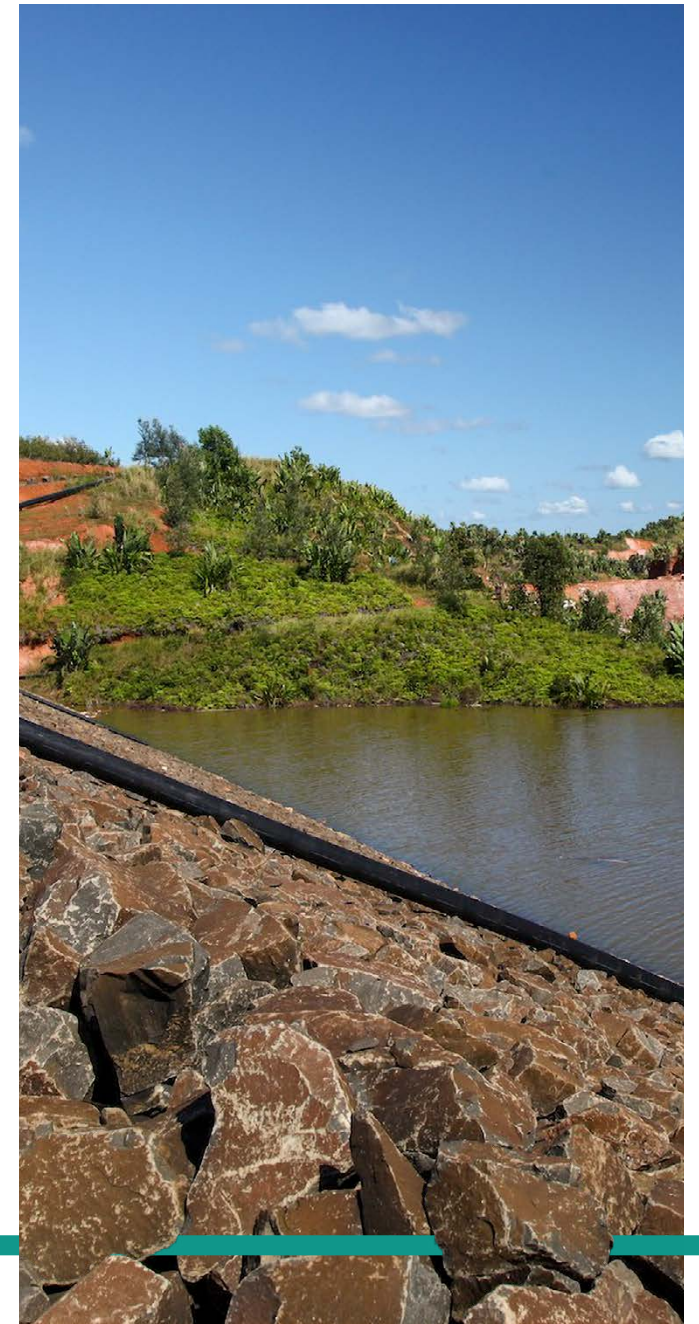
Sherritt and its partners have also been actively investigating options for tailings management expansions so that we can continue to support future mining operations. When evaluating expansion options, Sherritt works with its partners to ensure design criteria minimize environmental impacts and meet international best practice in tailings management. A rehabilitation plan has also been developed at the Moa Nickel Site TMFs, and reclamation activities are underway in a section that is no longer active. Sherritt’s goal is that its joint venture operates and maintains its TMFs in accordance with global best practices for safety. We continually review our facilities and procedures and are committed to pursuing the highest standards at our operations.

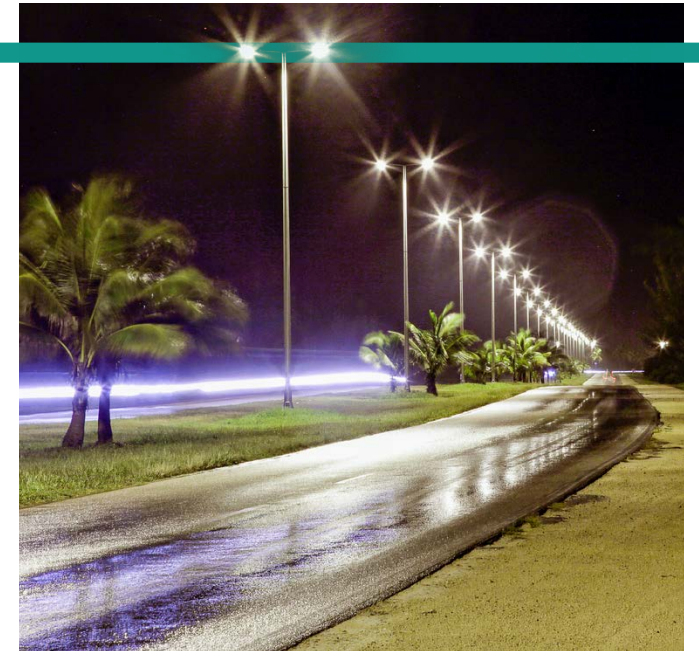
As members of MAC, Sherritt is committed to implementing and achieving the highest standards contained in the TSM Tailings Management Protocol. Sherritt recognizes MAC’s guidance documents on tailings management as a benchmark of good management practice. Sherritt advocates for the adoption of the [Global Industry Standard on Tailings Management](#) (GISTM) through MAC and the incorporation of its requirements into the appropriate TSM protocols. Sherritt continues to review and evaluate monitoring systems and risk assessments to ensure its approach is robust and current.

For a more detailed summary regarding our approach to tailings management, please read our [2021 Tailings Management Report](#), which includes data needed to meet disclosure requirements of the Church of England.

**TABLE 3 – GRI MM3 TOTAL AMOUNTS OF OVERBURDEN, ROCK, TAILINGS AND SLUDGE AND THEIR ASSOCIATED RISKS**

Component (tonnes)	2021	2020	2019
Rock amount	108,117	183,867	253,449
Overburden amount	3,497,581	4,034,738	2,432,948
Tailings amount	3,059,888	3,104,653	3,136,436





CEO Message

Sustainability at Sherritt

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Assessing climate change-related risks and opportunities is an integral part of our overall risk management and strategy development processes.

Effective management of climate change-related risks and opportunities across all aspects of our business is vital to our continued ability to operate. Several key activities aimed at providing us with critical data for our Climate Strategy were advanced or commenced in 2021, including:

- Completion of an internal Recommendations Summary Report based on the results of Sherritt’s 2020 Nickel Institute Life Cycle Analysis and establishment of a task force for executing these recommendations
- Initiation of life cycle assessment for our cobalt products
- Planning for a GHG emissions baseline assessment in our Power business and a climate risk and opportunity assessment at the Joint Venture refinery in Canada

Each of these data gathering exercises will serve to assist us in refining and identifying short-term (1–5 years), medium-term (5–10 years) and long-term (10+ years) climate-related risks and opportunities and meaningful and effective mitigation and management strategies to reduce risk and enhance our ability to seize opportunities.

For a second year, Sherritt has released a TCFD-aligned [Climate Report](#). As we initiate a transition to achieve our net zero by 2050 target, preparation of this report in alignment with the TCFD recommendations

provides an opportunity for Sherritt to reflect on its areas of success and to transparently identify areas for improvement. Transitioning to a low-carbon future implies a significant increase in demand for nickel and cobalt, both of which have been deemed “critical minerals” by the Canadian and United States governments. Additionally, through our joint ventures, we produce electricity for the Cuban power grid using combined cycle technology, which represents a cleaner alternative to electricity produced from the combustion of crude oil. We are also developing technologies that offer process optimization solutions and carbon reduction opportunities.

**TABLE 4 – 2019 TO 2021 SCOPE 1 AND 2 GHG EMISSIONS<sup>1</sup>**

	Year	Fort Site	Moa Nickel Site	OGP	Total <sup>2</sup>
Scope 1 GHG emissions (kt CO <sub>2</sub> e)	2021	344	598	2,077 <sup>3</sup>	3,019
	2020	334	602	1,062	1,998
	2019	335	556	1,402	2,293
Scope 2 GHG emissions (kt CO <sub>2</sub> e)	2021	56	67	14	140
	2020	57	61	7	125
	2019	59	60	0	119

<sup>1</sup> No external assurance of this data has occurred for the years reported here.

<sup>2</sup> Values shown are inclusive of both Sherritt and our joint venture partner’s Scope 1 and 2 emissions. In opting to facilitate this disclosure on our partner’s behalf, the total emissions attributed to Sherritt are over-represented. The total Scope 1 and 2 emissions that can be attributed to Sherritt are 50% of the Moa and Fort sites combined, and 33% of OGP due to the level of equity ownership by Sherritt in each joint venture. Any analysis conducted to assess the emission intensities of Sherritt’s businesses or product should consider that Sherritt’s metals business is comprised of the Fort and Moa Nickel sites and the OGP business is comprised of various other sites. Production totals for each separate business should be used to evaluate emissions intensities.

<sup>3</sup> The OGP Division applied a new methodology for accounting for Scope 1 emissions, which resulted in an increase in emissions reported despite no material changes in the operation occurring. No other sites have a new methodology to report.

# COMMUNITY AND SOCIAL IMPACT

Sherritt maintains active engagement with our stakeholders for the betterment of our operations, employees and the communities in which we operate. We recognize that we have an important role in providing opportunities for local communities to achieve their development goals. We are firmly committed to providing a safe and inclusive work environment, and to upholding human rights throughout our supply chain. A summary of our management approach to material social topics and 2021 performance is provided on the next few pages. For detailed disclosures on all key topics, please refer to our [2021 Sustainability Scorecard](#). For information on our economic performance in 2021, please refer to our [2021 Financial Results Report](#).

## IN THIS SECTION

- Highlights
- Emergency Preparedness
- Occupational Health and Safety
- Diversity and Inclusion
- Community Development and Stakeholder Engagement
- Human Rights





# Highlights

Zero work-related fatalities at any  
of our operations since 2016

22% of Sherritt's employees are women

43% of our Board of Directors are women

Approximately CAD\$1 million spent on local  
community investment projects in 2021

Continued to support Cuba's ambitions for  
economic development, energy security,  
decarbonization and a just climate transition  
through our joint venture partnerships



# Emergency Preparedness

All of our operating sites have emergency response and business continuity plans in place, which are regularly reviewed and updated as needed.

To ensure the effectiveness of these plans in case of an emergency, the sites conduct simulations of emergency situations, implementing these plans and then discussing lessons learned and areas for

improvement. To further enhance our approach, each of our operating sites is integrating the TSM protocol for Crisis Management and Communications Planning.

# Occupational Health and Safety

Sherritt is committed to ensuring the health and safety of everyone at our operations and that everyone goes home at the end of the work day. In 2021, we continued peer-leading reductions in injury rates, with a Total Recordable Incident Frequency Rate decrease of 48% and a Lost Time Incident Frequency Rate decrease of 75% over three years.

This commitment is embodied in several key mechanisms to prevent fatalities, minimize risks, ensure that leaders are coaching in work areas regularly, address psychological safety and mental health, involve personnel at every level of the operations to improve safety behaviours, and identify continual improvement opportunities.

Over a number of years, we have also worked to establish enterprise-wide standards aligned with international best practice. Sherritt's health and safety standards draw from MAC's TSM [Safety and Health Protocol](#), and [ISO 45001](#) and industry best practice related to fatality prevention. We update these standards regularly as part of our commitment to continuous improvement, operational excellence and a stronger safety culture.

We track a series of leading indicators designed to increase safe behaviours, improve competency, ensure safe working conditions and strengthen safety culture. These indicators include visible leadership interactions, proactive health and safety communications, workplace inspections and training. We also have a significant potential incident standard in place which requires tracking and specific management actions for any workplace incident that, under different circumstances, could have resulted in a fatality.

Assurance on our health and safety programs is conducted through regular executive reviews, peer comparisons, internal audits and independent assessments.

# Diversity and Inclusion

CEO Message

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Sherritt recognizes the inherent value that comes from having a diverse group of employees at all levels of the organization, and that historically there has been underrepresentation of diversity in the mining industry.

We understand that as the mining industry faces talent attraction and retention challenges, diversity, inclusiveness and equity will be required to help us continue to excel. We also recognize that our stakeholders want to see themselves and their values reflected in our organization. We have set specific targets around increasing the number of female

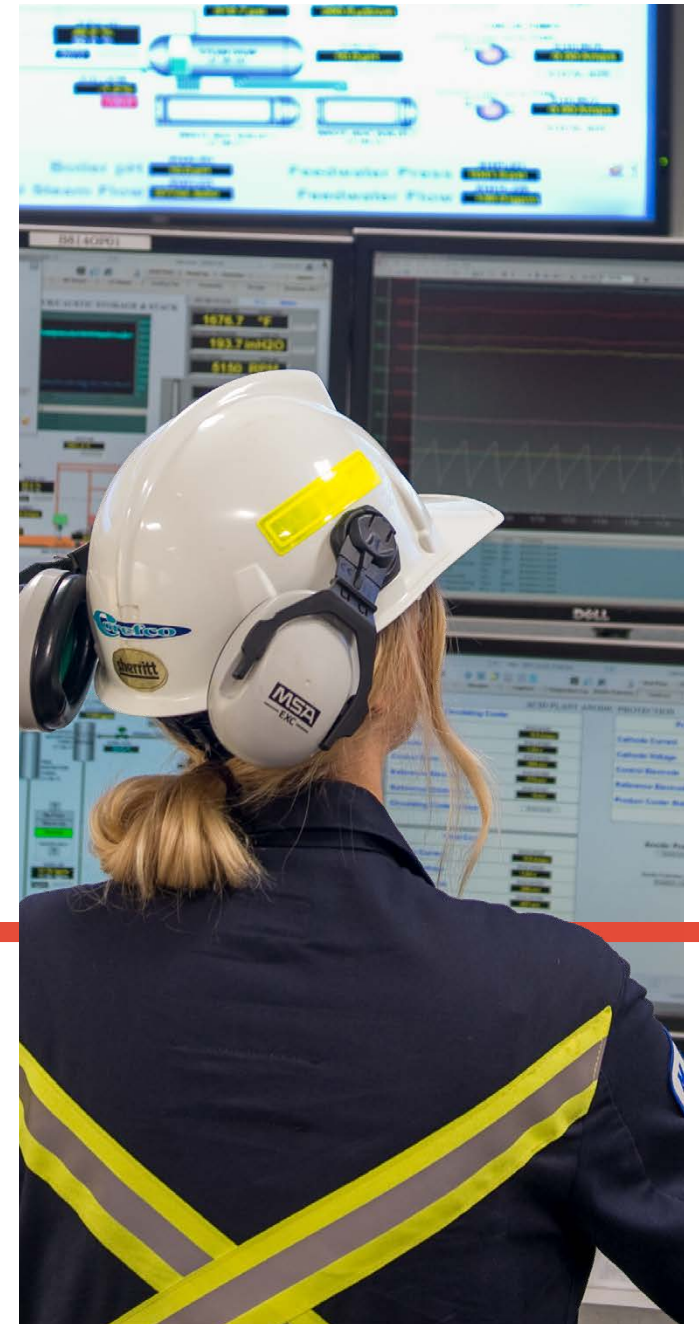
employees in the organization to 36% by 2030 and have developed Employee Resource Groups (ERGs) specifically meant to promote diversity and inclusion. These targets are reinforced by our Diversity and Inclusion Policy and our Five-Year Action Plan as set out in Sherritt’s Global Framework for Diversity & Inclusion.

**TABLE 5 – 2021 FEMALE AND MALE REPRESENTATION IN SHERRITT EMPLOYEE WORKFORCE**

Employee Information	
Report the total number of direct employees by employment type (permanent and temporary), by gender (GRI 102-8-a)	
Total number of permanent employees	877
Total number of permanent employees – female	192
Total number of permanent employees – male	685

**22% of our employees were women in 2021 (across all sites)**

**43% of our Board of Directors are women**





# Community Development and Stakeholder Engagement

Effective stakeholder engagement is critical to maintaining our social licence to operate.

We work to establish and maintain productive relationships with our stakeholders and to maximize the shared benefits of our activities. Through our work, we aim to contribute to long-term mutual prosperity.

We take a respectful approach to engaging with our stakeholders and supporting 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. Our goal is to align 100% of our community investment with needs and priorities as identified by communities themselves.

**TABLE 6 – INDIRECT ECONOMIC IMPACTS**

## Infrastructure Investments and Services Supported

The reporting organization shall report the following information: (GRI 203-1)

Extent of development of significant infrastructure investments and services supported	Primarily in-kind donations of municipal infrastructure equipment to local municipalities in Cuba.
Current or expected positive impacts on communities and local economies	<p>Significant indirect economic impact, particularly through the indirect effects of employment, economic development, skills development and community benefits.</p> <p>In 2021, Sherritt invested &gt;CAD\$900,000 in local communities.</p> <p>100% of community-based donations are aligned with local community needs as identified by local representatives.</p>
Types of investments	<ul style="list-style-type: none"> <li>● In-Cash (Commercial)</li> <li>● In-Kind</li> <li>● Pro bono</li> </ul>



# Human Rights

Sherritt is committed to addressing ESG risks, including human rights and the rights of children.

Although human rights issues do not currently represent a top risk at Sherritt, they can present an inherent risk to all mining and energy production operations. To manage this risk, we have ensured our management systems align with international best practices and expectations regarding human rights. We developed an enterprise-wide [Human Rights Policy](#) that aligns with OECD guidelines and we remain committed to uphold the [Universal Declaration of Human Rights](#), along with other international principles. We also regularly engage with best-practice guidance and principles through our participation in the [Voluntary Principles on Security and Human Rights](#).

Sherritt regularly assesses human rights risks in its mineral supply chain, and to date, no risks of human rights abuses, artisanal or small-scale mining, forced labour, modern slavery or other red flags have been identified. Effective local laws and due diligence systems are in place at all Sherritt operations to prevent these risks. Measures are taken at the operations to comply with local human rights regulations. Sherritt also regularly conducts due diligence in the mineral supply chain to validate and ensure that human rights risks are identified and mitigated.

**None of our operations are in countries on the World Bank’s list of Fragile and Conflict-Affected Situations**



CEO Message

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# GOVERNANCE

Sherritt recognizes the importance of having strong accountability mechanisms and governance structures in place and transparently reporting on the effectiveness of our policies and outcomes of our activities. Sherritt continues to engage third-party expertise, as described [here](#), to provide assurance related to our sustainability policies and results. A summary of our management approach to material governance topics and 2021 performance is provided on the next few pages. For detailed disclosures on all key topics, please refer to our [2021 Sustainability Scorecard](#).

## IN THIS SECTION

- Highlights
- ESG Governance
- Grievance Mechanism
- Business Conduct



# Highlights

**Updated Board committee responsibilities for improved oversight of environment, health, safety and sustainability risk management and objective setting**

**Invested in updated anti-corruption training program and modules for all employees**

**Enhanced policies and due diligence systems for suppliers and contractors**

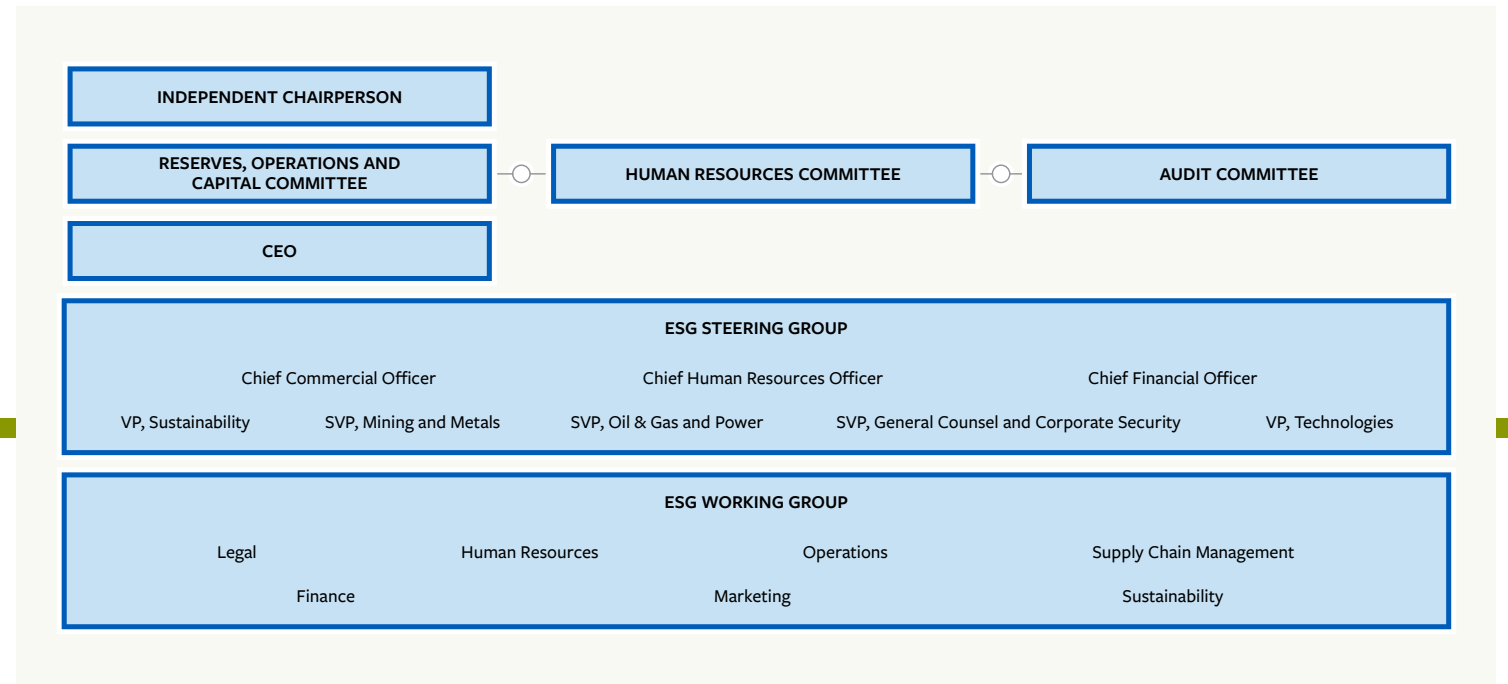
Sherritt has an independent chairperson and three sub-committees of the Board of Directors that oversee matters related to ESG.

In 2021, Sherritt’s Reserves, Operations and Capital (ROC) Committee absorbed the responsibilities of the previously established Environment, Health, Safety and Sustainability (EHS&S) Committee. This incorporation was done to recognize that EHSS, or ESG, matters are integral and deeply embedded within all aspects of the operations. In addition to the ROC Committee, ESG issues overlap with the responsibilities managed by the Audit Committee and the Human Resources Committee.

The ROC Committee is the primary Board committee charged with setting and monitoring implementation of ESG priorities and approving policies and actions identified by the ESG sustainability steering committees and working groups for managing the company’s ESG risks and opportunities. The ROC Committee meets at least four times per year, visits our operating sites (physically, or when not so permitted, virtually), and receives information from corporate and divisional management on a quarterly basis, and more often when required. The Committee chairperson reports to the Board on significant issues. A copy of the Committee’s mandate is publicly available [here](#).

Operationally, accountability for the Sustainability Framework is the responsibility of the CEO and the ESG Steering Group, which is comprised of all executives and heads of divisions. The ESG Steering Group identifies priorities for the ESG Working Group, which delivers on these across the organization and reports back to the Steering Group on outcomes as appropriate. As set out above, ESG responsibilities are a part of all department and division mandates.

**SUSTAINABILITY GOVERNANCE**



Sherritt has a Whistleblower Policy and grievance mechanism that allow any person anywhere in the value chain to submit a reportable concern anonymously and confidentially through the system maintained by the Corporation’s designated external service provider.

Reportable concerns may be submitted by any of the Corporation’s stakeholders including employees, contractors, directors, officers, vendors and others.

Sherritt maintains mechanisms to facilitate the receipt, retention and treatment of reportable concerns and grievances. The mechanisms are intended to cover theft, fraud and allegations of any kind of unethical behaviour. If you have a reportable concern or grievance against Sherritt or any of its subsidiaries, you can report your issue anonymously and confidentially through the channels found on the right side of this page maintained by the Corporation’s designated external service provider.

## Business Conduct

Our Business Ethics Policy and Anti-Corruption Policy provide clear guidance to our workforce on what it means to act with integrity.

These policies cover 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. These policies are not available publicly but may be provided upon request.

As a Canadian company, we are subject to the [Canadian Corruption of Foreign Public Officials Act](#) (CFPOA), as well as anti-corruption laws in 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 violation of the CFPOA and other applicable anti-corruption laws. All divisions, groups and offices must undergo anti-corruption training and log all government meetings and payments.

Sherritt complies with the Extractive Sector Transparency Measures Act (ESTMA) in Canada and supports the implementation of the Extractive Industry Transparency Initiative (EITI) abroad. On an annual basis, Sherritt produces and discloses an ESTMA report which transparently itemizes payments made to governments in Canada and Cuba. These reports have been made publicly available and are found [here](#).

In Canada and Cuba, governmental and commercial corruption does not present a significant risk, based on the latest [Corruption Perceptions Index](#) (CPI). Sherritt does not have production in any countries having the 20 lowest rankings in the [CPI](#).

**ONLINE:**

<https://www.clearviewconnects.com/home>

**SKYPE AUDIO REPORTING:**

[clearview-sherritt](#)

**TELEPHONE:**

Toll-free (North America): **1-866-840-8702**

Long distance: **1-416-386-5397**

For concerns related to the Fort Site in Fort Saskatchewan, Alberta, please call **1-780-992-7000**.



**Sherritt International Corporation**

22 Adelaide Street West, Suite 4220  
Toronto, Ontario, Canada M5H 4E3

1-800-704-6698 (toll-free from within North America)

1-416-924-4551 (outside North America)

info@sherritt.com

sustainability@sherritt.com

Concept and Design: worksdesign.com

[sustainability.sherritt.com](https://sustainability.sherritt.com)