



REPORT ON THE COBALT SUPPLY CHAIN DUE DILIGENCE

About CTT

Compagnie de Tifnout Tiranimine – CTT operates in the research, exploitation and processing of cobalt through two sites :

- The mining and industrial site of "Bou-Azzer", located 120 km in the south of the city of Ouarzazate, the oldest mines in Managem and,
- Cobalt metallurgy plants, located in the metallurgical complex of Guemassa 30 km from the city of Marrakesh.

A strong commitment to Cobalt responsible sourcing

Managem Group and its subsidiary CTT are committed to ensuring that the Cobalt supply chain is responsible and free from armed conflict or human rights violations.

A formalized and visible policy

Formalized in August 2019 and accessible on the Group's website, the commitments of Managem Group and its subsidiary CTT are in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risks areas following the following five steps:

- Step 1: Establish strong company management systems,
- Step 2: Identify and assess risks in the supply chain,
- Step 3: Design and implement a strategy to respond to identified risks,
- Step 4: Carry out independent third-party audit on due diligence practices,
- Step 5: Report annually on supply chain due diligence.

A policy supported by top management

The Due Diligence policy is supported by top management according to three levels of responsibility:

- Executive Committee : the highest governance body within the Managem Group has the prerogative to define the areas of commitments and the organization of the management of the due diligence process,
- 3R Committee (Reputation, Risks and CSR): defines the strategic plan for continuous progress initiatives and oversees the action plans for risk mitigation,
- Due Diligence Committee: is responsible for the implementation of the due diligence processes, exercise of the duty of care, the evaluation of risks in the supply chain in terms of risk areas and suppliers and the implementation of the ongoing improvement roadmap.

A robust management system

The policy was deployed through the formalization of a management system based on the due diligence internal manual and accompanied by an adequate traceability system that is the subject to internal and external evaluations.

Due Diligence Manual

The Due Diligence Manual is a set of procedures that describe the measures to be put in place according to the five steps of the OECD Due Diligence Guidance for Responsible Supply Chains. The manual defines the methodology designed for identifying, assessing and mitigating risks.

A questionnaire for knowing the supplier is designed and put in place to assess the level of integration of corporate socially responsibility issues, particularly in the field of human rights. This assessment provides a rating to determine the nature of the risks and how to effectively manage them accordingly.

Also, an internal methodology is in place for the identification of conflict or high-risk areas according to three criteria: the existence of conflict, good governance and the promotion of human rights. This assessment is based on relevant public sources that are regularly updated.



Traceability system

The data collected is saved through a traceability system with the appropriate documentation for maintaining, accessing and archiving the files for a period of five years.

This traceability allows the monitoring of the supply chain from the supply to the delivery of the finished products according to the quality management system.

External audit

CTT's due diligence process was audited in Bou Azzer mine and hydrometallurgical units for the period from July 2018 to August 2019.

The audit was conducted by the firm "Arche Advisors", an independent third party specialized in the social auditing, supply chain labor and human rights management, and risk mitigation from September 3rd to September 6th, 2019

Continuous progress approach

The improvement of the due diligence system is based on three main levers: awareness and training, audits and internal controls and finally the monitoring of supply chain performance

A regular communication

CTT implements an awareness plan for its due diligence policy towards relevant stakeholders, including the organization of specific awareness and training sessions.

During the third quarter of 2019, training sessions were organized for the internal actors of the supply chain focused on the nature of the risks, their impact and the assessment methodology as well as the actions to mitigate these risks as specified in the internal Due Diligence manual.

The training materials will be updated in the light of the evaluations made by participants as well as the supply chain watch on the subject.

Annual assessment

The due diligence approach for the responsible cobalt supply chain was audited by the Group's Sustainable Development and Social Responsibility Department.

This evaluation, conducted in July 2019, was focused on the logistical performance of the sites and the conclusions were shared with stakeholders and contributed to the annual action plan for continuous improvement.

For this first exercise, the implementation of the action plan led by the Due Diligence Committee is underway with dedicated actions for:

- Enhancing the visibility of the due diligence policy visible,
- Strengthening the traceability of the supply chain,
- Improving the internal due diligence procedures in line with the integrated quality, safety and environmental management.

Monitoring of the performance

The Due Diligence Committee has set up an annual reporting system on the main indicators regarding its responsible cobalt supply chain for monitoring the performance of this process and is to be shared with the Executive Committee.

The cobalt due diligence approach is also published on the Group's website.