



## **LOCAL PROCUREMENT AND EMPLOYMENT STRATEGY**

### **- GUIDING PRINCIPLES -**

#### **Objectives**

These Guiding Principles express Nemaska Lithium's commitment to contributing to the economic development of local communities where it conducts its activities by sourcing employees, goods and services from local businesses, addressing the gaps in local capability, and building suppliers' competitiveness in order to meet global standards and qualify for contracts with the operator and other clients. The Principles include the following specific objectives:

- integrating local businesses within the supply chain;
- identifying missing links in the value chain and prioritising these in attracting new businesses to the area;
- facilitating local business ventures, anticipating future changes in Nemaska Lithium's demand for goods and services;
- creating an enabling environment for business development by promoting collaboration between the local business community, government and development agencies.

These objectives will be transformed in actions such as the adoption of guidelines as to how to deal with potential tension between promoting local procurement and minimising costs. The priority will always be given to cost control and effectiveness and thus local businesses will be favored as long as they are competitive and qualified.

In order to maximize its effectiveness and adequacy with the local context, these principles will be refined; for the mine site, in collaboration with Cree and Jamesian stakeholders involved in the economic development of the Nemaska and Chibougamau-Chapais regions (as well as, more generally, the Eeyou Istchee James Bay region). With regards to the hydrometallurgical plant to be located in Shawinigan, stakeholders involved in the economic development of this community and regionally will also be consulted.

Also, Nemaska Lithium will participate in industry and multi-stakeholder initiatives to build capacity amongst local businesses and will adopt tendering criteria which include an explicit weighting for local businesses. Nemaska Lithium intends to elaborate, in collaboration with local entities, programs to assist local businesses to pre-qualify and to become more competitive.

The Strategy will be displayed at Nemaska Lithium's offices and sites and proactively communicated to local businesses and economic development organizations. Periodic internal assessments will be conducted in compliance with the Strategy and performance of contractors, subcontractors and suppliers will be monitored against specific criteria. Indeed, as aforementioned, Nemaska Lithium informs contractors that, while they may have technically qualified by virtue of their inclusion on the bidders' list, meaningful engagement of businesses and people in the area is how Nemaska Lithium intends to be selecting its preferred contractors.

These Principles and associated final Strategy will apply to Nemaska Lithium and also to all of its consultants, contractors, subcontractors, suppliers and subsidiaries.



## What is Local?

The terms "local" refer to those communities which are adjacent to, or impacted by, Nemaska Lithium's operations. Under these definitions, the area is narrower than the region or the Province in which the project is located and focuses on the communities (villages, municipalities, cities, MRC). Consequently, the following communities are included in the definitions of local and regional for Nemaska Lithium's projects:

- Whabouchi Mine
  - Local: Cree Nation of Nemaska and other Cree nations in Quebec
  - Regional: Eeyou Istchee James Bay
  - Extended Regional: Abitibi-Témiscamingue and Saguenay-Lac-St-Jean
  - Provincial: Quebec
- Shawinigan's Plant
  - Local: Shawinigan (City and MRC)
  - Regional: Mauricie
  - Provincial: Quebec



All else being equal, Nemaska Lithium has committed in prioritizing local individuals and businesses for all of its employment and procurement opportunities.

While it is relatively easy to differentiate local from non-local individuals, the issue of what constitutes a local business is a constant subject of considerable debate. For Nemaska Lithium, the key question to consider is whether a business contributes to building local economic capacity. For example, a company that maintains a local branch office which is simply a conduit for bringing in goods and services from outside the region is having less impact than a foreign-owned firm entering a consortium or taking ownership positions in local firms as long as such partnership allows for important contributions (jobs, contracts, etc.) to local economic capacity.

Consequently, as part of Nemaska Lithium's projects, the Supply Chain Manager, to be hired as project development will move forward, will be responsible for establishing criteria to pre-qualify businesses as local, regional, provincial or others. To do so, in collaboration with local business associations, and government agencies, a comprehensive mapping of local businesses will be completed to identify their capabilities and determine which businesses could benefit most from the opportunity to participate in local supply chains.

It should also be noted that, as per the Chinuchi Agreement Nemaska Lithium signed in November 2014 with the Cree Nation of Nemaska, the Grand Council of the Crees (Eeyou Istchee) and the Cree Nation Government, measures have already been outlined to prioritize, as long as competitive and qualified, Cree individuals and businesses as part of the Whabouchi Mine Project.

## Training and Employment & Business Opportunities

### *Whabouchi Mine Project*

As aforementioned, with regards to the Whabouchi Mine project, Nemaska Lithium sees the Chinuchi Agreement as an important instrument of economic change and development for the local Cree community.



For instance, the Chinuchi Agreement includes several commitments made by Nemaska Lithium to promote the integration, advancement and retention of Cree employees in the mine workforce as well as the awarding of contracts to Cree businesses, and more particularly Nemaska Crees:

- Training and Employment
  - In collaboration with Cree educational and vocational organizations and other third parties, training programs and measures will be designed to increase the number of Cree candidates qualified for employment, including advancement opportunities;
  - Providing information on Nemaska Lithium's short- and long-term workforce needs to the Whabouchi Implementation Committee established as per the Chinuchi Agreement;
  - Posting of job openings in various Cree media and providing posting information to the Cree employment services entities;
  - Identifying for all employment positions the associated requirements, including training prerequisites, and publishing this information in the community and to the Cree employment services entities;
  - Providing information sessions on career opportunities as well as summer jobs and internships to Crees studying in fields leading to positions required at the mine project;
  - Developing incentives to Cree students in programs leading to careers in mining-related fields;
  - Establishing pre-employment programs designed to facilitate the integration of the Crees in the mine workforce;
  - Establishing the Nemaska/Whabouchi Training Fund for the delivery of training programs (educational, vocational, and pre-employment), particularly programs related to the mining industry in general and for the Whabouchi Mine Project.
- Business Opportunities
  - In collaboration with Cree Parties, establishing and maintaining a list of Cree businesses, including Nemaska Cree businesses, that have the capacity and are interested in supplying goods or services to the Whabouchi Project;
  - For the construction phase, providing to the Whabouchi Implementation Committee a list of needs with respect to the supply of goods and services to be contracted out;
  - For the operation and closure phases, providing to the Whabouchi Implementation Committee a list of planned contracts;
  - Identifying areas of activity, other than those currently planned and outlined in the aforementioned lists, which would be appropriate for Cree to establish new Cree businesses;
  - Adopting plus-value criteria for Cree content in competitive tendering process;
  - As part of a competitive tendering process in which a Cree business took part but was unsuccessful, communicating with the Cree bidder to explain the areas of weaknesses in the bid proposal to enable improvement and increase probability of future successful bids;
  - Enabling priority direct negotiations with qualified Cree businesses prior to engaging a competitive tendering process;



- Establishing the Nemaska/Whabouchi Business Development Fund for the purpose of supporting the development of Nemaska Cree businesses.

As well, it is Nemaska Lithium's intention to soon sign a *Déclaration des partenaires* (Partnership Declaration) with the *Administration régionale Baie-James* (ARBJ) which is an important regional organization focusing on land use and planning for the non-Native communities of Eeyou Istchee James Bay. As a result of such partnership, Nemaska Lithium wishes to implement an Economic Spinoff Maximisation Committee (or Liaison Committee) which would have the mandate of identifying and publishing job and contract opportunities available to the members of those communities.

Such Committee would first aim at establishing a consensual strategy for local economic spinoff maximisation, including the elaboration and adoption of communication and information sharing tools. The Liaison Committee would include representatives of Nemaska Lithium and its major contractors as well as of local economic development organizations. Amongst the recommendations such Committee could be making is the adoption of measures to facilitate access to contract opportunities for local businesses.

Moreover, linkage activities will be organized annually, prior to the main contract awarding periods, in order to gather in the same room Nemaska Lithium's Supply Chain Management Team, its main contractors and the local businesses and economic development organizations.

#### *Shawinigan Hydromet Plant Project*

With regards to the Shawinigan Hydromet Plant Project, a similar approach to what is outlined above for the ARBJ will be implemented in collaboration with the Economic Development Division of the City of Shawinigan and the Chamber of Commerce and Industry of Shawinigan (CCIS). Existing committees already having a mandate similar to what Nemaska Lithium intends to do, ex. the Shawinigan Economic Diversification Committee, will be used as part of this process. Also, the following measures to maximize local socio-economic benefits will be implemented by Nemaska Lithium:

- Training and Employment
  - Providing information on Nemaska Lithium's short- and long-term workforce needs to the Liaison Committee;
  - Posting of job openings in various local media and providing posting information to the Liaison Committee;
  - Identifying for all employment positions the associated requirements, including training prerequisites, and providing this information to the Liaison Committee;
  - Providing information sessions on career opportunities as well as summer jobs and internships to local individuals studying in fields leading to positions required at the hydromet plant project.
- Business Opportunities
  - In collaboration with local economic development organizations, establishing and maintaining a list of local businesses that have the capacity and are interested in supplying goods or services to the Shawinigan Hydromet Plant Project;
  - For the construction phase, providing to the Liaison Committee a list of needs with respect to the supply of goods and services;
  - For the operation phase, providing to the Liaison Committee a list of planned contracts;



- Identifying areas of activity, other than those currently planned and outlined in the aforementioned lists, which would be appropriate for locals to establish new businesses;
- Adopting plus-value criteria for local content in competitive tendering process;
- Enabling priority direct negotiations with qualified local businesses prior to engaging a competitive tendering process.

### **Monitoring**

Even though local procurement and employment can be a significant boost for economic growth and diversification, such strategies can also lead to adverse social impacts. For example, setting inappropriate targets can encourage perverse behaviour. Similarly, local people are often drawn from other businesses and much-needed services in the area while local businesses can be left vulnerable to the business cycles of large industrial projects. Community dissatisfaction can result from seeing only menial work being given to local people and targeting particular groups can negatively affect social cohesion. For these reasons, it is important to monitor regularly the impact of the Strategy.

To do so, Nemaska Lithium intends to use key performance indicators that 1) are recognized by both economic development entities, government agencies and academics; and 2) have been used by other project proponents over the last decades. Indicators measuring Nemaska Lithium's projects activity as well as their outcome on local businesses and economy (development, diversity, sustainability, etc.) will be adopted in collaboration with its local partners.