

NON-TECHNICAL SUMMARY

To produce Li-ion NMC battery cells, Verkor has built a supply strategy of the key raw materials, which are lithium, nickel, manganese and cobalt. This Human Rights Impact Assessment provides an analysis of the potential countries of supply according to the risks they present and a description of the due diligence process¹ and the mitigation measures being implemented.

To assess the human rights impacts of its supply chain, Verkor has performed an extensive analysis of the human rights issues for all the potential supplier countries, specifically regarding the mining activities. Through this analysis, we've identified specific risks for each supplying country, evaluated based on three criteria: probability, impact, and visibility.

This analysis led to the identification of several risks with a level of significance depending on the country: discrimination against indigenous persons, activities in informal economy, restrictions on the collective labour rights (collective bargaining and the right to join a trade union and to strike), unacceptable working conditions, use of forced or child labour, social impacts on indigenous people and vulnerable groups. A due diligence process is being implemented to identify and assess these risks in the countries of supply based on supplier inputs, site audits and analytical review of the ESG criteria of the suppliers.

Lastly, the assessment has been completed for each country with an analysis of issues related to poverty, political instability, human freedom, corruption, collective labour rights, children rights, labour conditions rights. Additionally, we identified which International Labour Organization (ILO) fundamental conventions had been ratified by each supplier country.

The Gigafactory site has been analysed to determine the human rights risks associated with the project. The study is based on socio-demographic, employment, and labour criteria and concluded that vulnerable groups identified were not negatively impacted by the project. Moreover, some measures have already been implemented by the City of Dunkirk and the AFEJI Hauts-de-France in support of the vulnerable groups.

Verkor has then identified mitigation measures to be implemented for each identified risk, and put in place a mitigation plan, composed of several steps: obligation for the suppliers to comply with Verkor Supplier Code of Conduct built on international standards and best practices (OECD, ISO 14001, ISO 45001, ILO Conventions); screening of suppliers in an international ESG database; implementation (with OPTEL and Bureau Veritas) of a questionnaire sent to the suppliers to identify social, ethical, environmental, climate change, recycling, health and safety, and responsible sourcing risks. Answers to the questionnaire will be reviewed by Bureau Veritas. On-site audits are conducted in case of high-level risks being detected.

By complying with the Supplier Code of Conduct, the suppliers must ensure to follow the requirements of the OECD due diligence guidance on responsible supply chains and perform due diligence in accordance with this guidance. The supplier must not use child labour in any form and must prohibit all forms of forced labour. The supplier must comply with all applicable local laws regulating working hours (including overtime), working conditions and provide fair and competitive compensation. The assessment of residual risks will be done in cooperation with local stakeholders (suppliers, governmental bodies, local associations and NGOs, municipalities) and with the support of an independent third party. It will inform the level of the impacts and whether other remedial actions may be required. If impacts on human rights are observed, remedial actions will be immediately applied.

Finally, Verkor's supply chain strategy includes the relocalisation of suppliers in Europe and the increasing use of recycled content, in substitution of primary sourced raw materials.

¹ The due diligence process is described in more details in the dedicated document.