



COMMUNITY EMPOWERMENT

Strategic Significance

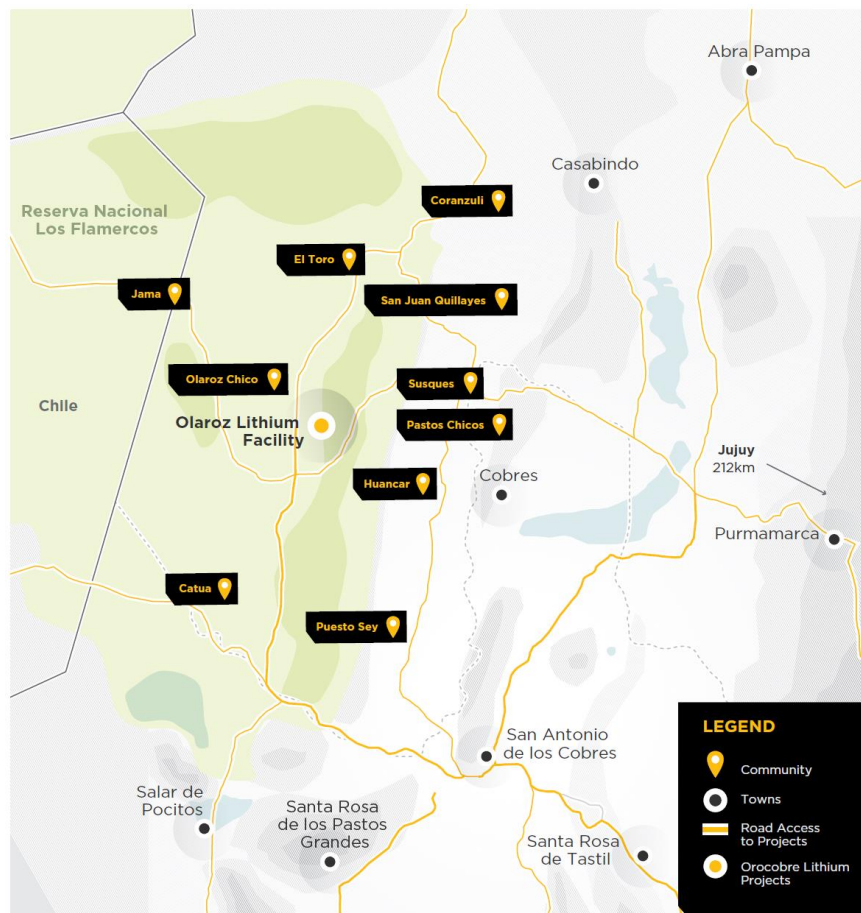
As part of Orocobre’s broader commitment to sustainable development, it is paramount that local communities are empowered not only to engage in the Company’s activities, but also to benefit as much as possible from its presence in the region.

At Orocobre, the provision of education, training and support to local communities enables them to contribute directly and indirectly to the Company’s success. Whether it be through proactive and proficient participation in performance monitoring and project-related dialogue, direct employment on its projects and operations, or the provision of local goods and services, Orocobre acknowledges that its strength as an organization is reinforced by the capability and contributions of its local communities.

The Company also acknowledges that sustainable development in the region is not possible solely through engagement with its operations. Therefore, Community empowerment initiatives extend to the development and support of local businesses that are independent to the Company’s activities and that leverage and strengthen local skills, opportunities and livelihoods.

Impact Boundary

This Management Approach Disclosure relates to Community Empowerment at Sales de Jujuy operations specifically, with focus on the 10 communities neighbouring the Olaroz Lithium Facility.



Management Approach

Commitment

The following policies outline the Company's approach and its commitments with regards to Community Empowerment:

- [Sustainable Development Policy](#)
- [Community Policy](#)
- [Human Rights Policy](#)

In accordance with Orocobre's commitment to the UN Sustainable Development Goals, and in line with [Goal 10: Reduced inequalities](#), the Company is working on empowering and promoting social and economic inclusion of all the communities neighbouring the project.

Management Systems

Community Empowerment can be divided into four distinct focus areas, each of which is independently managed and monitored in collaboration between the Company's Shared Value team and other relevant business department:

- **Monitoring:** Training community members to participate in environmental monitoring activities.
- **Employment:** Educating communities to prepare them for future employment opportunities.
- **Procurement:** Building the capacity of communities to establish businesses and provide services.
- **Development:** Strengthening socio-economic growth and opportunity through traditional livelihoods.

Monitoring

Participatory environmental monitoring activities are conducted every quarter and are a critical component of the Shared Value program's [Transparency](#) pillar. Managed by the Company's environmental team, and facilitated by an objective external consultant, the quarterly monitoring program provides members of the communities with the opportunity to engage directly in the regular review and appraisal of key environmental indicators. The activities are conducted quarterly to ensure data collection and visibility of impacts across all seasons.

Community members are trained in monitoring practices and environmental indicators, and are provided with food, transport and accommodation for the duration of the five-day monitoring program.

Orocobre monitors the engagement of participants to encourage representation across all communities. Participants are rotated to ensure more community members are involved in environmental monitoring practices whilst ensuring a solid quorum of experienced community monitors is maintained each quarter.

The Company is also evaluating initiatives to enable and promote participatory monitoring of social as well as environmental performance.

Employment

Initiatives to stimulate local community employment in Orocobre's activities (both directly and indirectly) include:

- A. Education and preparatory courses in local communities.
- B. Policies and mechanisms managed collaboratively with the communities to identify and select local community members for employment opportunities.
- C. Internal development programs to support local employees to develop within the organization.

Education and preparatory courses have been designed and developed collaboratively with local government and educational institutions to ensure that content and delivery modes are as tailored and targeted as possible based on capacity of the community participants and the nature of future employment opportunities in the region.

These initiatives fall within the Shared Value program's Education pillar and include investment in educational infrastructure, targeted training programs in relevant topics such as chemistry and physics, and delivery of the Baccalaureate Program to ensure all employees secure secondary level qualifications. (See [Community Investment](#) disclosures and [Education Case Study](#) for more information).

The Company supports a transparent and collaborative employment process which involves and empowers the communities in the selection and promotion of suitable candidates.

Whenever a new position becomes available either within the Company or with one of its suppliers, a communication is issued to the community representatives with full details of the role and its requirements. The community representatives select appropriate candidates from their established list of approved community members and forward their profiles and information for consideration.

The communication of new positions, principally at the Olaroz Lithium Facility, is managed by the Shared Value team in collaboration with the Supply Chain and Human Resources departments who define the resource needs and make the final resource selection based on the profiles provided by the community.

Orocobre managed to maintain a steady increase in local employees at the Olaroz Lithium Facility during the first three years of operations and the focus is now on initiatives to support development and progression of community employees from operational roles to management roles.

Data regarding local employment is tracked monthly and reported quarterly to government authorities.

Procurement

The Company actively promotes and supports its local communities to develop and grow businesses that can support its current and future activities. Working collaboratively with the National Institute of Industrial Technology (INTI), the Company offers training and capacity building in technical and commercial aspects of running a business. The Company has also established a series of support mechanisms within the recruitment process to ensure that its community suppliers are given priority at each stage of the evaluation process.

In the review of technical capability, the Company meets regularly with its local suppliers, to explain the technical aspects they need to develop in order to deliver the quality of work required. When reviewing social and environmental standards, the Company outlines opportunities for improvement and provides the necessary support to ensure compliance with performance standards. In the evaluation of cost and commercial considerations, where possible the Company provides assistance and support in the preparation and revision of quotes and tender documents. For certain contracts, where local suppliers have demonstrated a high level of performance, the organization only invites local community suppliers to tender.

More information about the empowerment of local community suppliers in procurement process can be found in the [Supply Chain Management](#) disclosure.

Development

A core objective of Orocobre's community empowerment activities is to develop the capacity of local communities to establish socio-economic stability and resilience and improve their quality of life independent of the Company's production activities.

The Company seeks to achieve this through supported, strategic development of traditional livelihoods. This work falls within the Shared Value program's Local Production and Natural Resources pillar and includes programs such as the [Raising Recycled Walls](#), [Sustainable Vicuña Shearing](#) and the [Artisanal Development](#) projects.

Additional projects are also undertaken under the Empowerment pillar to promote local economic development in the region that is not related to the Company's mining activities, including entrepreneurship training and microfinance for local entrepreneurs to develop goods and services that address the needs of their community. Deeper description of all these initiatives can be found in the Case studies section of [Orocobre's Sustainability Reports](#).

Responsibilities

Group-level responsibility for Community Empowerment rests with the Chief Sustainability Officer.

At an operational level, Community Empowerment is managed by the Shared Value Manager in close collaboration with Managers from the other respective areas of the business including Environment, Human Resources, Procurement and IT.

Grievance Mechanisms

There are two channels of communication established to receive comments, concerns and complaints from the community with regards to empowerment activities. The first is through a generic Shared Value email account which receives feedback and insights for all community related activities. The second is through a specific Local Supplier email account which addresses specific concerns and grievances relating to local procurement and the management of local suppliers.

All community feedback is centralised through these two channels and treated in accordance with policies for the resolution of community complaints. All grievances are lodged in the grievance register and treated in accordance with the Company's community grievance procedures.

Monitoring and Reporting

Orocobre regularly monitors community empowerment activities with monthly review of local employment and procurement figures and monthly updates on Development projects. Participatory monitoring activities are reviewed quarterly. This information is reported to government on a quarterly basis, or as requested, and is also included in its annual sustainability reports. Aspects of this performance are also disclosed in quarterly investor reports.

Review of the ultimate impact of these initiatives is achieved through the update and review of the social baseline which was established in 2010. This approach provides visibility of specific demographic data regarding household incomes, employment and quality of life indicators. As this review is dependent on updated publicly available census data, it is not conducted on a regular basis. Orocobre will be conducting its next review of the social baseline in FY20, which will provide a solid insight into the socio-economic impacts on the region in the past 10 years.

FY19 Update

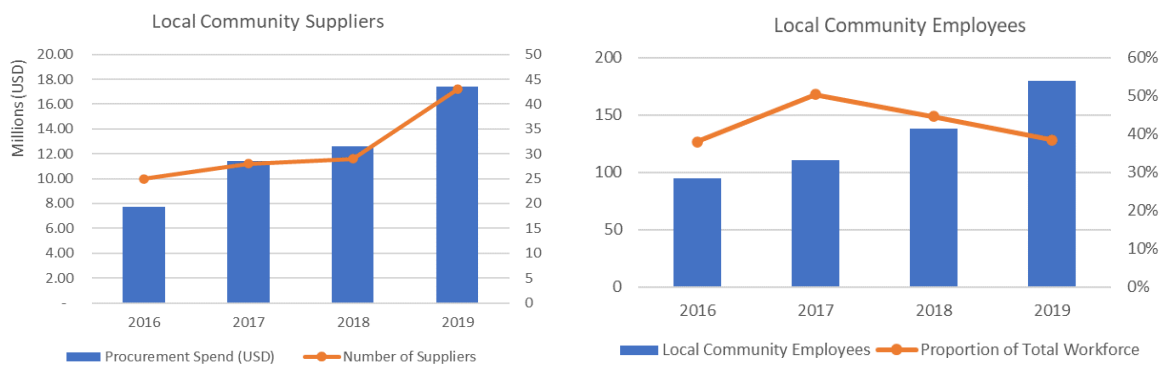
There was significant focus and pressure on Community Empowerment initiatives in FY19. The increase in Expansion activity generated greater community expectation regarding the supply and employment opportunities associated with construction. Negative environmental impacts potentially related to the activity of peers in the region increased community concern regarding environmental performance and potential implications of project Expansion.

Monitoring

Participatory monitoring activities were carried out successfully with an average of 11 participants each quarter representing seven of the Company's 10 local communities. Opportunities were identified to enhance the experience for community participants through more proactive engagement of the Shared Value team in the monitoring activities.

Employment and Procurement

Community interest in local employment and procurement increased significantly in FY19 with the commencement of Stage 2 expansion activities. These expansion activities require targeted and specific skillsets both in terms of workforce and supply contracts, and these different capabilities are only required during the period of construction. With a greater presence of national and international workers than in standard operations, community perceptions were negatively impacted regarding benefits remaining in the community and the province. This is despite visible and absolute growth in local employment and procurement figures both by total number of suppliers and contract value.



Establishing more effective ways to present Community Empowerment data and ensuring appropriate breakdowns both by region and by activity (Expansion, Operations) will be paramount to managing community perceptions in FY20.

Development

The Company's development projects saw significant progress in FY19. (Please refer to the FY19 [Case Studies](#) for more information). Given the long-term nature of these projects and their scalability, the Company will be establishing very clear input, output, outcome and impact indicators in FY20 to be able to track progress over time.

The projects will also be incorporated into the Theory of Change model being developed in FY20 to define and support the Community Investment strategy.

For more information relating to Community Empowerment refer to the [Community Performance Data](#).