



SUPPLY CHAIN POLICY

**POLICY, PRINCIPLES, CODES OF PRACTICES, MODEL SUPPLY CHAIN
FOR RESPONSIBLE PRECIOUS METALS SUPPLY CHAIN OF MINERALS**

Purpose

The purpose of this policy document is to outline the core principles, codes of practice, and the supply chain model that Kusasa Refining (Pty) Ltd adopts in alignment with the Responsible Jewellery Council (RJC), London Bullion Market Association (LBMA) Responsible Gold Guidance, London Platinum and Palladium Market (LPPM), and the OECD Due Diligence Guidance. The objective is to ensure all precious metals transactions are free from any conflicts, human rights violations, money laundering, and other unethical practices.

Scope

This policy is applicable to all stakeholders involved in Kusasa's precious metals supply chain, both upstream (where the material comes from) and downstream (where the material goes). This includes, but is not limited to, mines, transporters, intermediaries, and customers.

Kusasa Refining Principles

Business Ethics:

- We are committed to conducting our businesses to a high ethical standard, and to ensuring integrity, transparency and conformance with Applicable Law.
- We will not engage in Bribery and/or corruption.
- We will not tolerate Money Laundering and/or financing of terrorism.
- We will fully and accurately disclose the material characteristics of the products that we sell.
- We will take reasonable measures to ensure the physical integrity and security of product shipments.
- We will respect commercial confidentiality and data privacy.

Human Rights and Social Performance:

- We believe in and will respect the fundamental human rights and the dignity of the individual, according to the United Nations Universal Declaration of Human Rights.
- We will not tolerate the use of Child Labour.
- We will not use any forced, bonded, indentured or prison labour, nor restrict the freedom of movement of Employees and dependents.
- We are committed to high standards of Health and Safety in our operations.
- We will not prevent workers from associating freely. Where laws prohibit these freedoms, we will support parallel means of dialogue.
- We will not discriminate based on race, ethnicity, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, marital status, physical appearance, age, or any other applicable prohibited basis in the workplace, such that all individuals who are "Fit for Work" are accorded equal opportunities and are not discriminated against on the basis of factors unrelated to their ability to perform their job.
- We will not use corporal punishment under any circumstances and will prohibit the use of degrading treatment, harassment, abuse, coercion or intimidation in any form.
- We will adhere to working hours and remuneration legislation, or, where no such legal requirements have been established by law, the prevailing industry standards.

- We will support the development of communities where we operate, contributing to their social and economic welfare.
- We will recognise and respect the rights of indigenous peoples and the value of their traditional, cultural and social heritage.
- We will engage with artisanal and small scale miners who operate in our vicinity, and participate in multistakeholder initiatives to promote responsible and legal mining practices.

Environmental performance:

- We will conduct our business in an environmentally responsible manner.
- We will manage our environmental footprint by eliminating or minimising negative environmental impacts.
- We will ensure the efficiency of our business operations by managing our use of resources and energy.
- We will adopt practices to enhance Biodiversity and reduce negative impacts on Biodiversity.
- Although our environmental impact is relatively low, we are committed to protecting the environment, including the prevention of pollution. We commit to sustainable resource use, climate change mitigation and adaptation, and the protection of the environment by implementing industry best practices that minimize environmental impact, conserve natural resources, minimize greenhouse gas emissions, and promote the preservation of habitats and species.

Management Systems:

- We will comply with Applicable Laws and publicly state our commitment to the RJC Code of Practices.
- We will assess our risks, including risks to our business from our business partners, and establish systems that manage and improve ethical, human rights, social and environmental business practices.
- All records related to due diligence, risk identification, assessment and monitoring, and traceability will be retained for a minimum of five (5) years. These records will be made available, upon request, to inspectors or relevant government authorities in full cooperation and transparency.

Kusasa Refining Code of Practices - Provisions

Business Ethics:

- **Bribery and Facilitation Payments**

- Suppliers will prohibit Bribery in all business practices and transactions that are carried out by them or on their behalf by Business Partners. They will not offer, accept or countenance any payments, gifts in kind, hospitality, expenses or promises as such that may compromise the principles of fair competition or constitute an attempt to obtain or retain business for or with, or direct business to, any person; to influence the course of the business or governmental decision-making process.
- Suppliers will consider Bribery Risk as it applies to their organisation (including agents) to identify which areas pose high Risks. Suppliers will develop appropriate methods to monitor conduct of Employees and agents and eliminate Bribery based on this understanding.
- Suppliers will facilitate the reporting of incidences of attempted Bribery or inappropriate gifts within their organisation and will apply the appropriate sanctions for Bribery and attempted Bribery in all forms.
- Suppliers will clearly communicate to their Employees that no Employee will suffer demotion, penalty or other adverse consequences for voicing a concern, or for refusing to pay a bribe or Facilitation Payment even if this action may result in the enterprise losing business.
- Where Suppliers have not yet been able to eliminate Facilitation Payments, they will implement appropriate controls to monitor, oversee and fully account for all Facilitation Payments made. They will work to ensure that they are of limited nature and scope, with an ultimate objective to eliminate all Facilitation Payments.

- **Money Laundering and finance of Terrorism**

- Suppliers must maintain financial accounts of all business transactions where required by Applicable Law and in accordance with national or international accounting standards. These accounts must be independently certified and/or audited by a properly qualified auditor who is appointed free of any bias or influence if an audit is required by legislation.
- Suppliers should be aware that international transactions may be subject to more than one regulatory jurisdiction.
 - Where no Applicable Law exists, Suppliers should comply with the provisions in the Financial Action Task Force (FATF)¹ 40 Recommendations and 9 Special Recommendations as applicable to dealers in Precious Metals and gemstones under the Designated Non-Financial Business Professions (DNFBP).
 - Cash or cash-like transactions should always take place in compliance with Applicable Law. Where they occur above the relevant defined financial threshold, records need to be lodged with the relevant designated authority.
- Suppliers must operate according to the principles of “know your customer” so as to establish the identity of all organisations with which they deal, have a clear understanding of their business relationships and have a reasonable ability to identify and react to transaction patterns appearing out of the ordinary or suspicious.

- **Product Security**

- The security and wellbeing of Employees, Visitors and other relevant Business Partners will be prioritised when establishing product security measures.

Human Rights and Social Performance:

- **Human Rights**

- Suppliers will at all times respect the fundamental human rights and the dignity of the individual, according to the United Nations Universal Declaration of Human Rights.

- **Child Labour and Young persons**

- Suppliers will not engage in or support the employment of Children (younger than 18 years, or 14 years where the law of the country permits) beyond those circumstances defined in International Labour Organisation (ILO) Convention 138 and Recommendation 146 unless sanctioned by national and/or local government or as part of a recognized apprentice scheme, in accordance with the guidelines laid down in the Global Compact⁵.
- Where any Children are found to be in employment, Suppliers will provide adequate support to enable them to attend and remain in school until no longer a Child. Child Labour Remediation processes will include steps for the continued welfare of the Child and consider the financial situation of the Child's family. Children found to be in employment contrary to minimum age requirements may remain in partial employment during a phased Remediation process. Suppliers will provide a minimum period of nighttime rest of 12 hours, with customary weekly rest days; and ensure that overtime is prohibited and the Child receives fair payment for the work he or she is undertaking.
- Suppliers will promote education for Children covered under ILO recommendation 146 and Young Persons who are subject to local compulsory education laws or attending school, including means to ensure that no such Child or Young Person is employed during school hours and that combined hours of daily transportation (to and from work and school), school and work time does not exceed 10 hours a day.
- Suppliers will not expose a Child or Young Person to work, which by its nature or the circumstances in which it is carried out, is likely to jeopardise the Health, Safety or morals of persons younger than 18 years (or 16 years subject to authorisation in Applicable Law and the receipt of adequate and specific instruction or vocational training in the relevant branch of activity).

- **Forced Labour**
 - Suppliers will not use Forced Labour (including bonded, indentured or prison labour), nor restrict the freedom of movement of Employees.
 - Suppliers will not retain original copies of Employee personal documentation, such as identity papers, nor require any form of deposit, recruitment fee, or equipment advance from Employees either directly or through recruitment agencies.
- **Freedom of Association and Collective Bargaining**
 - Suppliers will not prevent Employees from associating freely. Where laws prohibit these freedoms, Suppliers will support parallel means for independent and free association and bargaining.
 - Suppliers will not prevent collective bargaining and will adhere to collective bargaining agreements, where such agreements exist.
- **Health and Safety**
 - Suppliers will provide safe and healthy working conditions for all Employees in accordance with Applicable Law and other relevant industry standards. These conditions include:
 - minimising, so far as reasonably practicable, the causes of workplace Hazards.
 - appropriate safeguards and isolation between Employees and all machinery including mobile equipment.
 - adequate and appropriate labelling and storage of all chemicals and cleaning materials.
 - methods to protect Employees from exposure to airborne particles and chemical fumes.
 - identifying and providing appropriate Personal Protective Equipment (PPE) free of charge and verifying that it is current, worn and used correctly. This includes, but not limited to, the provision and use of appropriate PPE for safely working with hazardous chemicals.
 - providing workstations that are designed as appropriate to the task performed, to minimise occupational Health Risks such as repetitive strain.
 - adequate lighting, ventilation and air quality; safe noise levels and temperatures.
 - maintaining adequate workplace hygiene at all times by conducting regular routine cleaning, providing safe and accessible potable drinking water and sanitary facilities for food storage, and clean and hygienic washing and toilet facilities commensurate with the number and gender of staff employed.
 - providing adequately constructed and maintained workplaces that meet local building regulations.
 - ensuring that if Employees are provided with on-site housing by Members, such housing will be maintained to a reasonable standard of Safety, repair and hygiene; and provided with sufficient and proper sanitation facilities, potable water and access to adequate power supply.
 - ensure that the operations do not negatively impact the health and safety of the surrounding community.
 - Suppliers will provide Employees with a mechanism, such as a joint Health and Safety committee, by which they can raise and discuss Health and Safety issues with management.
 - Suppliers will make information about Health and Safety available to Employees in an understandable form and in an appropriate language. Material Safety Data Sheets (or equivalent necessary information) will be accessible where all Hazardous Substances are in use, and the Risks associated with use of Hazardous Substances must be clearly communicated to all Employees who work with them.
 - Appropriate procedures must be in place to prevent accidents and injury to Health arising from, or linked to, the course of work-related activities and operations at a Facility.

- Suppliers will provide access to adequate on-site Health and medical facilities, including clearly marked first aid provisions, and develop procedures for transportation of more serious Health concerns to local hospitals or medical facilities.
 - Suppliers will install appropriate alarms, warning devices and fire Safety mechanisms where applicable. This includes firefighting equipment; clearly marked, unlocked and unblocked emergency exits and escape routes; and emergency lighting in all Facilities.
 - Suppliers will establish emergency procedures and evacuation plans for all reasonably foreseeable emergencies. Suppliers will ensure that the procedures and plans are accessible or clearly displayed throughout their Facilities, are maintained, regularly tested (including the conduct of evacuation drills), and are updated periodically.
 - Suppliers will provide training so that Employees are aware of: specific role-related Health and Safety Risks and Hazards; and methods for appropriate protection from such Hazards, including proper use of PPE and appropriate action to take in the event of an accident or emergency. Training will include first aid training to designated Employee representatives and appropriate training in fire Safety and emergency procedures for all Employees. Training undertaken must be recorded and repeated for new and re-assigned Employees.
 - Suppliers will ensure that serious Health and Safety incidents, as well as the business' response and outcome from such incidents, are formally documented and investigated with the results of the investigation feeding into regular Health and Safety reviews and improvement plans.
 - Suppliers will ensure that Employees and Contractors understand that they have the right and responsibility to stop work or refuse to work in situations that have Uncontrolled Hazards, and to immediately bring these situations to the attention of those at imminent Risk and to management.
- **Discipline and Grievance Procedures**
 - Suppliers will not use corporal punishment under any circumstances, and will ensure that Employees are not subjected to harsh or degrading treatment, sexual or physical harassment, mental, physical or verbal abuse, coercion or intimidation in any circumstances.
 - Suppliers will clearly communicate the business' disciplinary process, and related standards on appropriate disciplinary procedures and Employee treatment, and apply these equally to all management and staff.
 - Suppliers will provide clear grievance procedures and investigation processes and clearly explain these to all Employees.
 - The grievance procedures will be made known and useable by all intended users without fear of reprisal, and should include considerations of language, literacy, costs, physical location and technology
 - Suppliers will provide clear grievance procedures and investigation processes and clearly explain these to all Employees. Records of Employee grievances raised, investigation processes and outcome will be maintained.
- **Working Hours**
 - Suppliers will apply normal working hours that comply with Applicable Law. Where no specific laws and regulations exist, working hours will not exceed, on a regular basis, a maximum of 48 hours per working week in accordance with ILO Convention 1. Where these limits are required to be exceeded in special circumstances (for example on fly-in, fly-out sites), this should be in compliance with Applicable Law and should be planned so as to provide safe and humane working conditions.
 - If overtime is required for business needs, Suppliers will compensate overtime to their Employees according to Applicable Law. Overtime will be voluntary and except in special circumstances (for example on fly-in, fly-out sites) be limited to a maximum of 12 hours in a week.
 - Suppliers will provide Employees with all legally mandated leave, including maternity and paternity, compassionate and paid annual leave. Where no Applicable Law exists, paid annual leave will be provided in accordance with ILO Convention 132.
 - Suppliers will provide all Employees with at least one rest day in seven consecutive working days in accordance with ILO Convention 14. Where these limits are required to be exceeded in special circumstances (for example on fly-in, fly-out sites), this will be in compliance with Applicable Law, or where no specific laws exist, the prevailing industry standards. All exceedances should be planned so as to provide safe

and humane working conditions.

- **Remuneration**

- Suppliers will pay all Employees a wage based on the higher of either the applicable legal minimum wage plus associated statutory benefits, or the prevailing industry standards.
- Suppliers will make payment to the Employee on a regular and pre-determined basis. Suppliers will provide payment by bank transfer or in cash or cheque form, in a manner and location convenient to the Employees.
- Suppliers will accompany all payments by a wage slip which clearly details wage rates, benefits and deductions where applicable.
- Suppliers will not make deductions from wages without following due process.
- Suppliers will not force Employees to buy provisions from the Member's own business or Facilities.

- **General Employment Terms**

- Obligations to Employees under Applicable Law relating to labour or social security arising from the regular employment relationship will not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements; or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment; or through the excessive use of fixed-term contracts of employment.
- Suppliers will maintain appropriate Employee records, including records of piece rate and wage payments as well as working hours, for all staff employed, whether on a full time, part time or seasonal basis.

- **Use of Security Personnel**

- Suppliers will ensure that all security personnel respect the human rights and dignity of all people and use the minimum force proportionate to the threat.

Environmental Performance

- **Environmental Protection**

- Suppliers will, wherever appropriate, introduce management and operating systems to minimise the detrimental environmental impacts of its business practices.

- **Hazardous Substances**

- Suppliers will not manufacture, trade, and/or use chemicals and Hazardous Substances subject to international bans due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer.
- Suppliers will employ alternatives to other Hazardous Substances used in production processes wherever technically and economically viable.

- **Waste and Emissions**

- Suppliers will dispose of waste substances in compliance with Applicable Law. Where Applicable Law does not exist, prevailing international standards will be adopted.
- Suppliers will take steps to reduce the quantity of waste produced from their operations through the principles of reduce, recover, re-use and recycle. All waste will be responsibly managed and the waste disposal decision making process will take into account environmental considerations as well as cost considerations.
- Suppliers will seek to decrease emissions to air, water and land relative to production output.

Management Practices

- **Legal Compliance**
 - Suppliers will be aware of and comply with Applicable Law.
- **Policy**
 - Suppliers must adopt a policy that is endorsed by senior management, supports achievement of this Code of Practices and make the policy publicly available.
- **Business Partners – Contractors, Customers, Suppliers and Partners**
 - Suppliers will consider Risks related to business ethics, human rights, social and environmental business practices of significant Business Partners in the Gold supply chain, which have the potential to impact the Suppliers' own practices arising from such business relationships. Based on this Risk Assessment, Suppliers will use their best endeavours, commensurate with their ability to influence, to promote responsible business practices among their Business Partners.

Kusasa Refining Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas

Kusasa Refining recognises the risks of significant adverse impacts which may be associated with extracting, trading, handling and exporting minerals from conflict-affected and high-risk areas, and recognises that we have the responsibility to respect human rights and not contribute to conflict, we commit to adopt, widely disseminate and incorporate in contracts and/or agreements with suppliers the following policy on responsible sourcing of minerals from conflict-affected and high-risk areas, as representing a common reference for conflict-sensitive sourcing practices and suppliers' risk awareness from the point of extraction until end user. Kusasa Refining commits to refraining from any action which contributes to the financing of conflict and we commit to comply with relevant United Nations sanctions resolutions or, where applicable, domestic laws implementing such resolutions.

Regarding serious abuses associated with the extraction, transport or trade of minerals:

1. While sourcing from, or operating in, conflict-affected and high-risk areas, the Kusasa Refining will neither tolerate nor by any means profit from, contribute to, assist with or facilitate the commission by any party of:
 - i. any forms of torture, cruel, inhuman and degrading treatment;
 - ii. any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
 - iii. the worst forms of child labour; ²
 - iv. other gross human rights violations and abuses such as widespread sexual violence;
 - v. war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

Regarding risk management of serious abuses:

2. Kusasa Refining will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing

from, or linked to, any party committing serious abuses as defined in paragraph 1.

Regarding direct or indirect support to non-state armed groups:

3. Kusasa Refining will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals. “Direct or indirect support” to non-state armed groups through the extraction, transport, trade, handling or export of minerals includes, but is not limited to, procuring minerals from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:
 - i. illegally control mine sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain; and/or
 - ii. illegally tax or extort⁶ money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded; and/or
 - iii. illegally tax or extort intermediaries, export companies or international traders.

Regarding risk management of direct or indirect support to non-state armed groups:

4. Kusasa Refining will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups as defined in paragraph 3.

Regarding public or private security forces:

5. Kusasa Refining agree to eliminate, in accordance with paragraph 10, direct or indirect support to public or private security forces who illegally control mine sites, transportation routes and upstream actors in the supply chain; illegally tax or extort money or minerals at point of access to mine sites, along transportation routes or at points where minerals are traded; or illegally tax or extort intermediaries, export companies or international traders.⁷
6. Kusasa Refining recognise that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.
7. Where Kusasa Refining or any company in our supply chain contract public or private security forces, we commit to or we will require that such security forces will be engaged in accordance with the Voluntary Principles on Security and Human Rights. In particular, we will support or take steps, to adopt screening policies to ensure that individuals or units of security forces that are known to have been responsible for gross human rights abuses will not be hired.
8. Kusasa Refining will support efforts, or take steps, to engage with central or local authorities, international organisations and civil society organisations to contribute to workable solutions on how transparency, proportionality and accountability in payments made to public security forces for the provision of security could be improved.
9. Kusasa Refining will support efforts, or take steps, to engage with local authorities, international organisations and civil society organisations to avoid or minimise the exposure of vulnerable groups, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

Regarding risk management of public or private security forces:

1. In accordance with the specific position of the company in the supply chain, the Kusasa Refining will immediately devise, adopt and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, as identified in paragraph 5, where we identify that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan.⁸ Where we identify a reasonable risk of activities inconsistent with paragraphs 8 and 9, we will respond in the same vein.

Regarding bribery and fraudulent misrepresentation of the origin of minerals:

2. Kusasa Refining will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.⁹

Regarding money laundering:

3. Kusasa Refining will support efforts, or take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money-laundering resulting from, or connected to, the extraction, trade, handling, transport or export of minerals derived from the illegal taxation or extortion of minerals at points of access to mine sites, along transportation routes or at points where minerals are traded by upstream suppliers.

Regarding the payment of taxes, fees and royalties due to governments:

4. Kusasa Refining will ensure that all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments and, in accordance with the company's position in the supply chain, we commit to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI)

Regarding risk management of bribery and fraudulent misrepresentation of the origin of minerals, money-laundering and payment of taxes, fees and royalties to governments:

5. In accordance with the specific position of the company in the supply chain, Kusasa Refining commit to engage with suppliers, central or local governmental authorities, international organisations, civil society and affected third parties, as appropriate, to improve and track performance with a view to preventing or mitigating risks of adverse impacts through measurable steps taken in reasonable timescales. We will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation.¹⁰

Kusasa Refining Supplement on Gold Policy

Internal management systems policy to support supply chain due diligence

Kusasa Refining commits to the following in relation to support supply chain due diligence:

- Assign authority and responsibility to senior staff with the necessary competence, knowledge and experience to oversee the supply chain due diligence process.
- Ensure availability of resources necessary to support the operation and monitoring of these processes.
- Put in place an organisational structure and communication processes that will ensure critical information, including the company policy, reaches relevant employees and suppliers. Training as appropriate should be carried out, and companies may consider training modules developed by Industry Programmes or Institutionalised Mechanisms.
- Ensure internal accountability with respect to the implementation of the supply chain due diligence process.

System of transparency, information collection and control over the gold supply chain policy

Kusasa Refining commits to the following in relation to transparency, information collection and control over the gold supply chain:

- Create internal documentation and records of supply chain due diligence processes, findings and resulting decisions. This will include Step 1 due diligence, as well as additional due diligence that may be carried out with regard to gold supply chains from conflict-affected and high-risk areas.
- Maintain internal inventory and transaction documentation that can be retrieved and used to retrospectively identify gold inputs and outputs and/or support a chain-of-custody system. This should include:
 - (1) Information regarding the form, type and physical description of gold and gold-bearing materials, e.g. gold ore, gold concentrate, gold doré, alluvial gold, recyclable gold, gold bullion, jewellery manufacturing inputs and/or products, electronic components and gold plating solutions, etc.
 - (2) Information provided by the supplier regarding the weight and assay of gold and gold-bearing materials of input, and determinations of the weight and assay of gold inputs and outputs.
 - (3) Supplier details, including “know your counterparty” (“KYC”) due diligence information consistent with the 40 Recommendations of the Financial Action Task Force (FATF).
 - (4) Unique reference numbers for each input and output.
 - (5) Dates of input and output, purchases and sales.
- Make and receive payments for gold through official banking channels where they are reasonably available. Avoid cash purchases where possible and ensure that all unavoidable cash purchases are supported by verifiable documentation and reported to the regulatory authorities if applicable.
- Cooperate fully and transparently with law enforcement agencies regarding gold transactions. Provide customs officials with access to complete information regarding all shipments that cross international borders, or to which they otherwise have jurisdiction.
- Maintain the information collected above for a minimum of five years, preferably on a computerised database.

Strengthen company engagement with suppliers

Kusasa Refining commits to the following in relation to strengthening company engagement with suppliers:

- Aim to establish long-term relationships with suppliers in order to build responsible sourcing relationships with them.
- Communicate to suppliers the expectations on due diligence for responsible supply chains of gold from conflict-affected and high-risk areas, consistent with Kusasa Refining guidance and policies and this Supplement. In particular, companies should communicate their expectation that their suppliers should determine a risk management strategy with respect to identified risks in the supply chain.
- Incorporate the supply chain policy set out in this Guidance into commercial contracts and/or written agreements with suppliers which can be applied and monitored.
- Consider ways to support and build capabilities of suppliers to improve performance and conform to company supply chain policy.
- Commit to risk management, which may include designing measurable improvement plans with suppliers with the involvement, if relevant and where appropriate, of local and central governments, international organisations and civil society when pursuing risk mitigation.

Specific Procedures for a refiner

1. Assign unique internal reference numbers to all inputs and outputs, by bar, ingot and/or batch of gold accepted and produced, which should correspond to all the information collected on that gold input and output and generated through due diligence, including supplier “KYC” information and the origin of gold.
2. Coordinate and support physical security practices used by other upstream companies. Promptly report any indications of tampering with shipments and unseal and open shipments only by authorised personnel.
3. Preliminarily inspect all shipments for conformity to the information provided by the supplier on the types of gold, such as alluvial gold, gold doré, unprocessed recyclable gold or melted recyclable gold. Verify weight and quality information provided by gold producer and/or shipper and make a business record of such verification.
4. Report any inconsistency between initial inspection of a shipment and information provided by shipper promptly to refiner security and those responsible in the company for due diligence, with no further action taken until the inconsistency is resolved.
5. Physically segregate and secure any shipment for which there is an unresolved inconsistency.
6. Record, and render all gold outputs identifiable (e.g. by physically imprinting gold products, and/or affixing to packing material in such a manner that its tampering or removal will be evident) with the following information:
 - i) Name and/or stamp/logo of the refiner.
 - ii) Year of refining/production.
 - iii) A unique reference allocated to each output (e.g. serial numbers, electronic identification or other practicable means).

RESPONSIBLE GOLD SUPPLY CHAIN—RECYCLED GOLD

- **Scrap gold buyers**

This category consists of all buyers of second hand or used gold or other precious metals. Included in this Category are Jewelers, 'Old Gold Shops', Pawn Shops, Scrap Metal Dealers, Recyclers, Beneficiators, Refiners. In order to purchase scrap or 'old gold', the entity has to register as a 'Second-hand Goods Dealer' with their local branch of The South African Police Services.

Registration requirements for Second-hand Goods Dealer

- i) Applicants must comply with the requirements of The Second-hand Goods Act of 2009 and the Regulations for Dealers and Recyclers;
- ii) Applicants must supply full names, residential addresses, identity numbers, business address; all company documentation (original certified copies). They must also supply a recent utility bill or lease, written proof of a business bank account and proof of VAT registration;
- iii) Full names and identity numbers of every person involved in the management of the applicant for each premises in the application;
- iv) Have fingerprints taken of the applicant and person involved in the day to day operation of the business;
- v) An application is disqualified from being registered as a Dealer if he has in the preceding five years been sentenced to prison for any offence of fraud or corruption or any other offence where dishonesty is an element. He is also disqualified if he has been convicted of an offence under the current Act or previous Act within the preceding 10 years. Other disqualifications include, being an un-rehabilitated insolvent, not permanently residing in South Africa and being disqualified by any other law.

Jewellery Purchase Requirements

The Dealer is required to be registered as a Dealer in terms of the Second –hand Goods Act of 2009.

- i) The Dealer is required to display his Certificate in a prominent area;
- ii) In compliance with Annexure 'B3-1' of the Regulations, the Dealer is required to complete an Acquisition Register as well as a Disposal Register (The Registers may be kept as a hard copy or in electronic format);
- iii) The Entries in the Register must be made contemporaneously with each acquisition or disposal
- iv) Particulars required for each acquisition are The sellers full names, contact address, contact telephone number, identity number (and how it was verified), a description of the goods as well as any distinguishing marks, the number allocated to the purchase, the price paid, the name and signature of the person who conducted the transaction on behalf of the dealer, the date and time of the acquisition;
- v) The Dealer is required to obtain and keep a copy of the identity document of the seller;
- vi) Registers are to be made available for inspection by The South African Police Services and must be retained for a period of 5 years from the date of transaction;

- vii) Dealers may not store goods elsewhere than on the premises for which a certificate has been issued;
- viii) No dealer may take into possession goods, unless he is convinced on reasonable grounds, that the seller of the goods is the owner or duly authorized to dispose of the goods;
- ix) No Dealer may deliver goods acquired by him to a person, change the form or alter the appearance thereof until the expiration date of a period of 7 days from the date of acquisition has passed;
- x) No Dealer may melt any precious metal, unless he is licensed to do so by the Diamond and Precious Metals Regulator in compliance with The Precious Metals Act 2005;
- xi) Dealers are advised to photograph each purchase and reference the photograph to the purchase.

- **Downstream Suppliers**

This Category consists of Manufacturing Jewelers, Beneficiators (Recyclers) and other Refineries. Natural Persons or Companies that fall into this category are required to be licensed by The Diamond and Precious Metals Regulator in terms of The Precious Metals Act 2005 and the Regulations thereof.

Compliance requirements

- i) All downstream suppliers that are dealing directly with the public are also required to register with the SA Police as buyers of second hand goods;
- ii) No person may acquire, possess or dispose of either as principle or agent, unwrought precious metals unless he is a holder of a refining license, is a licensed producer or has obtained a Certificate from the Regulator to be in possession of the unwrought metal for scientific purposes or to make Jewellery or is possession of a beneficiation license and acts in accordance with the terms of the license;
- iii) No person may deliver unwrought precious metal in payment of any debt owed by him to any person or in consideration of any service rendered;
- iv) Only a licensed person may melt or change the form of any unwrought precious metals;
- v) Only a licensed Refiner, Beneficiator , Jeweler or a person that has received a Certificate from the Regulator, may possess , change the form or melt any semi-fabricated precious metals;
- vi) The holders of Refining licenses, Beneficiation licenses and Jewelers Permits must keep proper books of account in accordance with generally accepted accounting practice and must submit such information as may be described by the Regulator not later than 90 days after the end of the businesses financial year;
- vii) Every holder of a refining license or beneficiation license, authorized dealer or producer must keep a true and correct register of all unwrought precious metal deposited, received, dispatched or disposed by him;
- viii) The register must record the date of the transaction, name and address of the parties to the transaction, the nature and the mass of the goods transacted, and the price paid or received;

- ix) The register is to be submitted to the Regulator in duplicate on a quarterly basis, together with affirmation or a solemn declaration of the correctness thereof.

- **Upstream Suppliers**

This includes miners (small-scale enterprises or medium and large-scale gold mining companies). Small-scale gold producers such as individuals, informal working groups or communities are not expected to be included as upstream companies for the purposes of carrying out Due diligence in line with this guidance, although they are encouraged to remain involved in due diligence efforts of their customers and formalize so they can carry out due diligence in the future.

Compliance requirements

- i) All upstream suppliers are required to have mining permits and need to be maintained in terms of the Department of Mineral Resources.
- ii) Registers detailing all transactions and movements need to be maintained and submitted on a regular basis.

Note when purchasing from Mines a certificate relating to responsible mining standard or similar (approved by RJC) needs to be obtained.



Chief Executive Officer

Kusasa Refining Pty Ltd