



2021 report on due diligence activities for Chemaf's copper and cobalt supply chain

V1.0 – February 2022

Chemaf is a business specialised in mineral exploration, mining and processing of cobalt and copper established in 2001 in the Democratic Republic of the Congo (DRC). Our due diligence process particularly focusses on the adverse social and environmental impacts associated with the extraction and processing of copper and cobalt within our operating areas and supply chain. We are therefore committed to ensure that the material we extract at our mine sites and/or procure from third parties, feeding the process at our Etoile plant, is produced responsibly and in line with international market expectations.

The vision of the Company is to do more than just mine copper and cobalt. Through developing the potential of our mining assets in a responsible and ethical way, our ethos is to attract top quality talent both in DRC and from the global market, ensuring Chemaf is the partner of choice in DRC and at all times investing in the knowledge and experience of the local team to ensure a sustainable legacy. Chemaf aspires to raise the standard of living in the regions it operates by investing in its communities and by operating in a safe, responsible and ethical way, to generate sustainable value for stakeholders.

Management systems

Chemaf adheres to the 'OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' (OECD Guidance). Chemaf runs all its mineral supply chain programs, as described in our Responsible Minerals Sourcing policy and our internal procedures for supply chain due diligence, in line with the OECD Guidance, especially Annex II of the OECD Guidance.

In March 2020, Chemaf changed from SARL (Limited Liability Company) to SA (Limited Company) with the introduction of the board of directors. This development empowered Chemaf to have more control on systems and Management than ever before.

Due diligence activities are actively supported by Chemaf's leadership and senior management, including the Chemaf's Chairman of the Board, Chemaf's MD, Director Finance & Accounting, SHREQ Director and CSR/ER Director and implemented by management teams responsible for overseeing health, safety, environment, community relations, geology, technical services, production and commercial activities within the company.

The commitment of Chemaf is to develop a robust and responsible business by working alongside upstream and downstream partners, regulators, the DRC government and non-governmental organisations in order to ensure that our social and environmental impacts are managed, and that opportunities for local communities are leveraged. This commitment has remained unchanged during 2021.



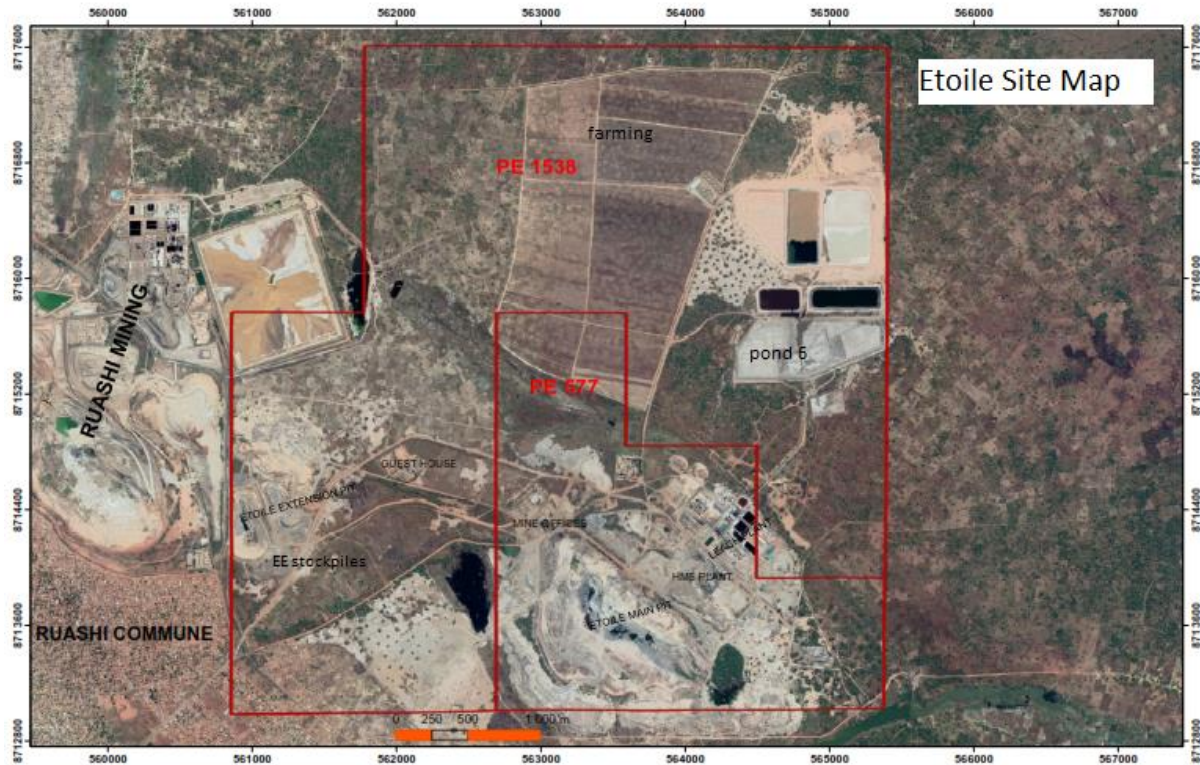
The persistence of the Covid-19 pandemic in 2021 in the DRC has led Chemaf's management to adopt specific plans and strategies in order to protect employees and their families as well as other stakeholders.

The Health & Hygiene team along with SHREQ department were made to follow developed plans for the health of employees and workers inside and outside of the working areas:

- Health Insurance for all employees under Chemaf contract with Max Bupa Life insurance company;
- Daily monitoring and reporting of Illness, Covid-19;
- Availability of ambulance all the time in Etoile Plant;
- Emergency vehicles;
- Periodic review with Shalina Hospital team to facilitate better services to Chemaf employees and their families;
- Covid-19 – in-house antigen test facility;
- Covid-19 – coordination with Government Hospital for RTCPDR testing for employees for travel purposes;
- Two operational site clinics at Etoile and Usoke Plant for First Aid and check-up facilities;
- Malaria testing and treatment and also preventive periodic spray in residential and office areas;
- Campaign for free Covid-19 vaccination for all Chemaf's employees with their families at HJ hospital.

Mining operations and ore supply chains

Since May 2020, Usoke's production of copper and cobalt has been on hold because of non-profitability caused by the exhaustion of the oxide ore from Etoile mine, the main source of feed for the plant, and the unavailability of sufficient good grade ore on a sustainable basis from the local market/ mines.



Supply chain due diligence

In 2021, the copper and cobalt ores that we processed were from our own mining operations. These include the Etoile concession in Lubumbashi, which provides a combination of copper and cobalt ore.

For all third-party suppliers, we are committed to assessing supply chain risks associated with the sourcing of copper and cobalt in line with our “Responsible Minerals Sourcing Policy” and due diligence process.

This process includes:

- Know-Your-Supplier checks for third party suppliers;
- On-site risk assessments;
- Implementation of systems for control and traceability of the minerals we receive.

We continue to engage with our partner and the off-taker of our cobalt material, [Trafigura](#), which assists us to conduct assessments on our Etoile mineral processing plant and on our suppliers. Recommendations and risk mitigation measures are always implemented to continuously improve conditions on site and in our supply chain.

Also, to fully align with international good practice standards and guidelines i.e. IFC Performance Standards and Equator Principles, in early 2021 Chemaf engaged DWE (Digby Wells Environmental) to assist in updating the ESIA study and put in place all the CSR systems in line with IFC Performance Standards and Equator Principles. This is intended to manage environmental and social risks and impacts so that development opportunities are enhanced and to identify, assess and manage environmental, social and human rights risks in a structured way and on an ongoing basis. We note the following progress:



- In May 2021, a SEP (Stakeholder Engagement Plan) was finalized. This contains:
 - o Stakeholder mapping and analysis;
 - o Stakeholder engagement plan (SEP);
 - o Grievance mechanism;
 - o Informed consultation and participation (ICP);
 - o Ongoing reporting to affected communities and other stakeholders.
- In October 2021, the first ESIA (environmental and social Impact assessment) was finalized.

Risk management

To date, our risk assessments have not identified any risks as defined in Annex II of the OECD Guidance risks. We continue to strengthen and roll out our due diligence process across all our operations and those of third-party suppliers where applicable.

At Etoile, in 2021, we have not sourced any ore from any third party, including ASM operations and thus, the risks associated with ASM activities are non-existent.