

	MINERALS SOURCING POLICY	Date: 10 th October -2024	
		Human Resources Department	
		Version: 05	Effective Date: 10 th Oct 2024



CHEMAF

HUMAN RESOURCES

MINERALS SOURCING POLICY


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POLICY OWNER: HUMAN RESOURCE

	MINERALS SOURCING POLICY	Date: 10 th October -2024	
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Introduction

At Chemaf, we recognise that the extraction, handling, processing, transportation, and trade of minerals has the potential to contribute to, benefit from, or result in significant adverse impacts.

Recognising that we have the responsibility to respect human rights and not contribute to the financing of conflict, we are committed to the responsible sourcing of all minerals we extract, process and supply to our customers and adopt, widely disseminate, and incorporate in contracts and/or agreements with mineral suppliers the following policy on responsible sourcing of minerals.

We encourage all mineral suppliers across our supply chain to adopt and implement comparable standards. At a minimum, we require all mineral suppliers to comply with applicable international and laws and regulations of the Democratic Republic of Congo (DRC).

Our Commitments


Chemaf SA is dedicated to the following principles, ensuring the responsible sourcing of minerals through strict adherence to the **OECD's Five-Step Framework** and the **Cobalt Refiner Supply Chain Due Diligence Standard**

1. Establish Strong Company Management Systems

- ✓ Maintain robust internal controls to manage risks associated with mineral sourcing.
- ✓ Implement and enforce responsible sourcing policies throughout the supply chain.
- ✓ Designate a responsible team to oversee due diligence processes and ensure transparency in reporting.
- ✓ Maintain traceability systems that track minerals from their source to their destination.

2. Identify and Assess Risks in the Supply Chain

- ✓ Continuously evaluate the potential risks associated with mineral sourcing from CAHRA regions, including human rights violations, environmental degradation, and illegal financing of armed groups.
- ✓ Conduct detailed assessments of suppliers to ensure compliance with Chemaf's responsible sourcing standards.
- ✓ Collaborate with industry initiatives and organizations to gather intelligence and assess risk in the regions from which we source.

	MINERALS SOURCING POLICY	Date: 10 th October -2024	
		Human Resources Department	
		Version: 05	Effective Date: 10 th Oct 2024

3. Design and Implement Strategies to Respond to Identified Risks

- ✓ When risks are identified, implement appropriate mitigation measures, including engagement with suppliers to address non-conformances.
- ✓ Temporarily or permanently suspend sourcing from suppliers that fail to meet our standards or refuse to engage in corrective action.
- ✓ Work with local stakeholders and industry bodies to promote responsible sourcing practices within the region.

4. Carry Out Independent Third-Party Audits

- ✓ Participate in and support independent, third-party audits to assess our adherence to due diligence processes.
- ✓ Ensure that suppliers are also subject to third-party audits to verify compliance with responsible sourcing requirements.
- ✓ Review audit findings and implement corrective measures where necessary.

5. Report on Supply Chain Due Diligence


- ✓ Provide transparent and regular public reporting on our due diligence efforts, including the results of our risk assessments and any corrective actions taken.
- ✓ Ensure compliance with international reporting standards, including the OECD and the Cobalt Refiner Supply Chain Due Diligence Standard.
- ✓ Engage with stakeholders, including local communities and civil society organizations, to foster ongoing dialogue and ensure our sourcing practices are aligned with ethical standards.

By following these steps, Chemaf SA remains dedicated to promoting transparency, ethical practices, and sustainability in all aspects of our supply chain.

Chemaf SA is dedicated to continuously improving its responsible sourcing practices by engaging in industry best practices, participating in international initiatives, and adapting our policies as new standards and requirements emerge


Commitment to Human Rights and Environmental Protection

Chemaf SA is committed to respecting and promoting human rights throughout its supply chain. We strictly prohibit the sourcing of minerals linked to child labor, forced labor, or any form of human rights violations. We also recognize the importance of environmental protection and ensure that our operations and those of our suppliers comply with environmental laws and regulations.

	MINERALS SOURCING POLICY	Date: 10 th October -2024	
		Human Resources Department	
		Version: 05	Effective Date: 10 th Oct 2024

Chemaf SA also ensures compliance with the additional occupational health and safety requirements outlined in the Cobalt Supply Chain Due Diligence Standard.

- Chemaf SA is deeply committed to prioritizing the physical and mental health of our miners, as well as the well-being of all our direct and indirect employees. We recognize the importance of providing safe and healthy working conditions to ensure their overall welfare.
- Chemaf SA is committed to working towards a future where every individual working in the mining industry can perform their duties with confidence, knowing that their welfare is of paramount importance. Together, we can create a safer and healthier workplace for all.
- Chemaf SA is dedicated to engaging with industry stakeholders, regulatory bodies, and experts to collaborate on implementing comprehensive safety programs and best practices that go beyond compliance. We are investing in robust training programs to ensure our workforce is well-equipped with the knowledge and skills necessary to handle potential hazards effectively. We are also prioritizing the regular inspection and maintenance of equipment to minimize risks and provide reliable protective measures. Additionally, we are foster a culture that values open communication, encouraging our employees to report any safety concerns or potential risks they may encounter.
- We have established a clear channel for feedback and actively involve our workforce in the continuous improvement of our safety protocols. By taking these steps, we aim to create an environment where the physical and mental well-being of our miners and employees are safeguarded.
- All employees returning to work after vacation undergo a health assessment, records of which are kept by the human resources department.

	MINERALS SOURCING POLICY	Date: 10 th October -2024	
		Human Resources Department	
		Version: 05	Effective Date: 10 th Oct 2024

Our expectations for the sourcing of minerals and metals

Regarding serious abuses associated with the extraction, handling, processing, transportation and trade of metals and minerals:

1. We will not tolerate nor by any means profit from, contribute to, assist with, or facilitate the commission of serious abuses by any party of:

- any forms of torture, cruel, inhuman, and degrading treatment.
- any forms of forced or compulsory labour.
- the worst forms of child labour.
- other gross human rights violations and abuses.
- war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

2. We will immediately suspend or discontinue engagement with suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses as defined in point 1.

Regarding support to non-state armed groups:

3. We will not tolerate support to non-state armed groups through the extraction, transport, trade, handling or export of metals or minerals.


4. We 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. Where identified, we agree to eliminate 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.

6. We 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 we or any supplier 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. We will support or take steps, to adopt screening

	MINERALS SOURCING POLICY	Date: 10 th October -2024	
		Human Resources Department	
		Version: 05	Effective Date: 10 th Oct 2024

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. We 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. We 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, in particular, artisanal miners where minerals in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

10. We will immediately devise, adopt, and implement a risk management plan with suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, where we identify that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan.

Regarding bribery and fraudulent misrepresentation of the origin of minerals:


11. We 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.

Regarding money laundering:

12. We 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 suppliers.

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

13. We will ensure that all taxes, fees, and royalties related to mineral extraction and trade are paid to governments and we commit to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).

	MINERALS SOURCING POLICY	Date: 10 th October -2024	
		Human Resources Department	
		Version: 05	Effective Date: 10 th Oct 2024

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

14. We 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.

If we have reason to believe that the minerals and metals sourcing practices of a supplier are not aligned with this policy or applicable international and DRC laws and regulations, we may seek redress and remove that supplier from Chemaf's supply chain.

Implementation

- Communicate and train relevant Chemaf employees to ensure that they are aware of and responsive to salient social and environmental risks and are aligned with our aspiration to responsibly produce and source minerals and metals.
- Undertake risk based due diligence on our supply chain focusing on those activities in our supply chain where risks to people and the environment are greatest.
- Engage with suppliers to ensure their own policies and procedures are in line with our expectations and commitments outlined in point 2.
- Engage with suppliers to engage with their business relationships to promote the dissemination and adoption of similar standards across the supply chain.
- Regularly review our practices and guidance to ensure that they remain responsive to our assessment of evolving supply chain risks.
- Report on supply chain due diligence where appropriate or required by legislation in our annual Responsibility Report.