

Responsible Sourcing Compliance Report

Supply Chain Due Diligence Report

Metal Concentrators SA (Pty) Ltd (MetCon) regards responsible sourcing as a key part of its long-term sustainability goals. We embark on all efforts to ensure credible suppliers and a verifiable supply chain. As part of this effort to ensure that we adhere to the most current thinking on sourcing, we only accept gold, silver, platinum and palladium that we can responsibly source as specified by legislation and our accreditation partners.

We source our precious metals with consideration and care from trusted suppliers who adhere to a strict chain of custody protocol. MetCon will not accept a new source without conducting a comprehensive due diligence process in accordance with the Responsible Jewellery Council's (RJC) international best practice. We never compromise our standards, as we believe responsible practices are the best defence against human rights violations, environmental degradation and reduced economic opportunities for communities along our supply chain.

Summary of activities as defined in the RJC's Code-of-Practice

1. COP 5-14 Responsible Supply Chains and Human Rights

Our supply chain due diligence was conducted in line with the OECD 5 step guidance.

Step 1 – Establish management systems (Management systems, Information gathering, Supplier engagement, Grievance mechanism)

MetCon has implemented Know-Your-Client (KYC), Know-Your-Product (KYP), Supply Chain, Anti-money laundering and Bribery policies and procedures. These policies and procedures are reviewed on an annual basis.

Part of the management system is to gather information using a desk-based approach as well as continued supplier engagement and regular supplier site visits.

A Complaints, grievances and concerns policy in relation to the precious metals supply chain has been implemented and all stakeholders are encouraged to report any matters in relation to the this. No disclosures were recorded in the 2018/2019 period.

Step 2 – Identify and assess risks (Red-flagged operations, Risk review and mapping, Risk assessment)

All KYC and KYP procedures are conducted from a risk-based perspective. By using our risk assessment tools, any risks in the supply chain are identified and assessed. The risk profile includes a risk classification per supplier based on a three-level scale. Suppliers are continuously monitored for any changes in their risk profile.

We are also monitoring the elemental analysis of our feedstock and are incorporating these analyses into our supplier risk profiles.

Step 3 – Manage risks (Findings report, Engagement and control, Risk management implementation and follow up)



Any change to the supplier risk profile is reported at MetCon's monthly Executive Committee (ExCo) meeting. The ExCo will decide on the appropriate forward action i.e. to either accept, tolerate or reject the risk under the information presented and recommended by MetCon's Compliance Officer, who is also a member of the ExCo. We are engaging with our suppliers regularly; this includes both scheduled and random site visits to understand any changes to their risk profile. During the period 2018/2019, several risks were identified at suppliers. Enhanced due diligence procedures were conducted resulting in a supplier account closure.

Step 4 – Verify due diligence (Third-party audit)

Our last RJC certification audit was conducted in February 2020 by Bureau Veritas and we have received re-certification from the RJC on the new 2019 version of the COP as well as re-certification on the 2017 version of the COC. The new 2019 COP version has been aligned to the OECD Due Diligence Guidance for Responsible Supply Chains and the United Nations Guiding Principles of Business and Human rights. Our re-certification for both COP and COC is valid from 19 March 2020 to 19 March 2023 with a mandatory mid-term review due to known changes to the certification scope during the certification period.

Step 5 – Report annually

The Supply Chain and the Responsible Gold policies are available on MetCon's website. The RJC certifications are available on both the RJC and MetCon websites (www.metcon.co.za).

Further to the above, MetCon continues to identify opportunities to support communities, to contribute to Social and Economic Development and to focus on developing and training its employees.

MetCon has received accreditation for a platinum provenance claim whereby we source platinum directly from a London Platinum and Palladium Market (LPPM) member. Our provenance claim is as follows: Metal Concentrators SA (Pty) Ltd declares that the platinum used in its jewellery manufacturing process is sourced directly from a London Platinum and Palladium Market (LPPM) member in South Africa.

2. COP 15-22 Labour rights and working conditions

MetCon complies with all relevant labour legislation that governs labour rights and working conditions. Additional legislative requirements as a consequence of the COVID-19 pandemic and the Disaster Management Act were adhered to, including the implementation of measures around working hours and staggered shifts to protect the health and well being of its employees.

3. COP 23-27 Health, safety and environment

MetCon is compliant with local health and safety regulations. During the 2019 period no LTI's were recorded.

Conclusion

MetCon has implemented effective management systems, procedures, processes, and practices to comply with the RJC COP and COC requirements.

Date of report: 11 November 2020