



FIDELITY GOLD REFINERY
(PRIVATE) LIMITED

Responsible Sourcing & Supply Chain Management Policy



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(PRIVATE) LIMITED

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RESPONSIBLE SOURCING AND SUPPLY CHAIN MANAGEMENT POLICY

1. BACKGROUND

Fidelity Gold Refinery (FGR) is in the business of buying gold from Large Scale Miners, Artisanal and Small-Scale Miners and Gold Buying Agents as well as refining and exporting the gold.

Fidelity Gold Refinery (FGR), is committed to responsible and transparent sourcing of precious metals. We are also committed to support initiatives that drive compliance in the country's gold industry.

The policy on Responsible Sourcing and Supply Chain Management is premised on the need to manage delivery channel risk and conform with the requirements of International Best Practice as encapsulated in the Organization for Economic Cooperation & Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals.

The policy also serves the purpose of ensuring that FGR complies with the relevant laws of our country in respect of Anti Money Laundering, Combating the Financing of Terrorism as outlined below:

- a. Money Laundering and Proceeds of Crime Act (Chapter 9:24),
- b. Gold Trade Act (Chapter 21:03),
- c. Mines and Minerals Act (Chapter 21:05),
- d. Bank Use Promotion Act (Chapter 24:24),
- e. Suppression of Foreign and International Terrorism Act (Chapter 11:21),
- f. Statutory Instrument 76 of 2014,
- g. Statutory Instrument 56 of 2019.

FGR operates with the highest levels of honesty, transparency and fairness. It is the policy of FGR to only purchase precious metals from legitimate and ethical sources and to ensure, within reasonable measure, that the extraction and movement of such metals has not been associated with corruption, crime, armed conflict, harmful/unsafe mining and mineral processing standards, misrepresentation of tax and/or royalty payments, or human rights abuses.



2. SCOPE

This policy is applicable to all gold buying, refining, export and payment activities of FGR and is to be read in conjunction with related operational procedure manuals. It does not include employees, business or supply chain partners who are not involved with the said activities. The contents of the policy shall be subject to changes in line with applicable legislation and regulations.

3. RESPONSIBILITIES

It is the responsibility of the relevant employees of FGR to play an attentive role in responsible supply chain management to ensure that the organisation adheres to international best practice and the laws of the land. It is pivotal to FGR's good corporate governance that the precious metals traded through its channels do not present the risk of money laundering and financing of terrorism.

Approved changes to the policy shall be circulated by the Senior Compliance Officer indicating revision number. Process Owners are responsible for ensuring the full understanding of the principles and application of this directive by all personnel, for establishment of their own internal communication systems, facilitating an operational plan to meet the requirements of the policy, and application of internal instructions and directives.

4. CRITERIA FOR SUPPLY CHAIN DUE DILIGENCE

It is mandatory for FGR to adopt a Risk Based Approach to Supply Chain Due Diligence. The criteria for supplier due diligence is based on the criteria provided below:

- a. Supplier background,
- b. Aggregated account activity (historical versus current),
- c. Nature of activity (e.g. mining, processing, or gold aggregation, local supply partner),
- d. Location of business activities to be evaluated in line with the risk associated with the area,
- e. Country of origin,
- f. Sources of funds,
- g. Supplier profile/reputation,
- h. General level of cooperation with FGR officials,
- i. Compliance with laws and regulations.



5. KNOW-YOUR-CUSTOMER (KYC) PROCESSES

In the context of Responsible Supply Chain Management, these are guidelines designed to enable FGR to correctly verify the identity of a precious metals supplier, assess its suitability to the organisation's risk appetite and evaluate the risks involved with maintaining a business relationship with it. These procedures fit within the broader scope of anti-money laundering and counter terrorism financing regulations.

FGR Gold Supply Side Dynamics			
Source	Type	Method Employed	Contact point with FGR
Artisanal and Small Scale Miners	Mined Gold	1. Mining & Processing at own Site 2. Mining at own Site & Processing at Custom Mill	Head Office/Gold Buying Centre
Large Scale Miners	Mined Gold	Mining & Processing at own Site	Head Office/Gold Buying Centre
Gold Buying Agencies	Mined Gold	Aggregation from Small Scale Miners who are not within ease of reach of an FGR buying Office	Head Office/Gold Buying Centre
Jewellers	Recycled Gold & Silver	Metal Recovery from Scrap	Head Office

6. RISK MANAGEMENT

Risk in the present context refers to the money laundering and terrorist funding risk associated with a particular precious metals supplier. Management is mandated to:

- Establish a strong risk management system,
- Identify and assess the risks in the gold supply chain,
- Design and implement a management strategy to alleviate the risks identified,
- Appoint an independent auditor for gold supply chain Due Diligence,
- Report the results.



Employees are mandated to continuously monitor the risk universe and to report findings of the supply chain risk assessment to the Senior Compliance Officer, the Head Gold Operations, and the General Manager.

On a case by case basis, Management shall devise a strategy for risk management by either:

- i) Continuing trade throughout the course of measurable risk mitigation efforts; or
- ii) Temporarily suspending trade while pursuing ongoing measurable risk mitigation where circumstances beyond Management and the Board of Directors demand so; or
- iii) Disengaging with a supplier after failed attempts at mitigation or where a company deems risk mitigation not feasible or unacceptable.

7. MONITORING AND SURVEILLANCE

The extent of monitoring and surveillance will depend on the risk profile of the account. High Risk accounts are required to be subjected to more intensified monitoring.

FGR must pay particular attention to the following types of transactions:

- i. Large and complex transactions, and those with unusual patterns, which have no apparent economic rationale or legitimate purpose.
- ii. Transactions which exceed the thresholds prescribed for specific categories of customers/suppliers.
- iii. Transactions involving large amounts of cash inconsistent with the normal and expected activity of the customer/supplier.
- iv. High account turnover inconsistent with the previous month's trend.

8. TRAINING

All employees shall be subjected to training at least once every year to refresh and update on new trends and legislation.

9. RECORD KEEPING

In order to prove that activities are conducted as per the requirements of Risk Based Due Diligence, and that regulations, instructions and directives are complied with at each stage of process, all records and documents relating to gold supply chain are archived at least for 5 years in the classic manner and preserved in a database environment.



10. RESPONSIBLE SOURCING AND SUPPLY CHAIN MANAGEMENT POLICY STATEMENT

The policy of Fidelity Gold Refinery (FGR) is as follows:

- a) to engage only in legitimate business abiding by all relevant rules and regulations which apply to our activities.
- b) to maintain the highest ethical and moral standards.
- c) to operate always under best practise exercising due care and all necessary due diligence.
- d) to establish long term relationships with our stakeholders and in particular we commit to:
 - i. following all rules and laws that regulate our activities.
 - ii. upholding the highest standards and to communicate such standards.
 - iii. refraining, rejecting or disengaging from any action which we reasonably believe may support directly or indirectly criminal activity, money laundering, terrorism, proliferation, abuse of human rights, bribery, corruption and financial crime.
 - iv. the adoption, implementation and maintenance of a compliance risk based supply chain management system which also complies with responsible supply chain guidance issued by the Organisation for Economic Cooperation and Development.

11. GUIDING PRINCIPLES FOR RESPONSIBLE SOURCING AND SUPPLY CHAIN MANAGEMENT

The Shareholder, Directors, Management and Members of Staff of Fidelity Gold Refinery commit to the following principles:

- 11.1. We obey the laws of the land and support the Government's policies.
- 11.2. We do not tolerate nor profit from, contribute to, assist or facilitate:
 - Child labour or any form of forced labour such as debt bondage,
 - Gender based violence,
 - Human rights violations and abuses,
 - Torture, cruel inhuman and degrading treatment,
 - War crimes, violation of international humanitarian laws, crimes against humanity, and genocide,
 - Any form of criminal activity including but not limited to money laundering, threat financing, extortion and corruption.



- 11.3. We do not deal with any supplier that either directly or indirectly supports non-state armed groups through extraction, purchase, logistical support, making payments to or supplying equipment to non-state armed groups or their associates who:
- Illegally control mines or transportation routes,
 - Illegally tax or extort money from mines, transportation routes or trading points,
 - Illegally tax or extort intermediaries, export companies or traders.

- 11.4. We do not offer or demand bribes and resist the solicitation of bribes to:
- conceal or disguise the origin of precious metals, or
 - misrepresent taxes and royalties payable to the government.

This applies to all the supply, sourcing and dealing with any counterparty.

- 11.5. We will not prejudice any ongoing investigation.
- 11.6. We will not contact any person who has been suspected of, and reported for, possible money laundering in such a way as to make them aware of the suspicion or report i.e. “tipping off”.
- 11.7. We will take steps to play our role in the fight against money laundering, the financing of terrorism and the financing of proliferation connected to or resulting from the extraction, trade, illegal export, illegal taxation of gold or extortion at gold mining sites, transportation routes or points where gold is traded.
- 11.8. We drive downstream commitment to this by also requiring our suppliers/customers to conform to Environmental Social and Governance standards and encourage that they also have responsible sourcing policies and procedures in place.

12. MANAGEMENT SYSTEMS

- 12.1. To the extent possible we will develop and maintain systems that will allow full supply chain traceability
- 12.2. We commit to implement, centralise, communicate, monitor, adapt and improve robust due diligence management system which would include the following:



- clear responsibility and escalation channels for all relevant employees,
- a framework that assesses risk in the supply chain and provides a grading system according to the risk category.

12.3. Robust Know Your Customer framework for all our suppliers and clients.

12.4. Monitoring transactions and risk mitigation steps based on the risk assessment of suppliers and clients.

12.5. Retention and Maintenance of records.

12.6. Mandatory training for all relevant employees.

12.7. Production of quarterly reports for the FGR Board of Directors.

The above policy is approved by Senior Management and the Board of Directors and is an integral part of our activities. It is a requirement for every employee to fully comply and for every supplier to commit with it. We reserve the right to reject or suspend any counterparty which does not abide by this policy.



A. Saburi

Chairman – Board of Directors

25/01/2024

Date

THE END.



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