



# IXM Sustainability Policy

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IXM recognizes the risks associated with our mineral supply chain and incorporates ESG factors into our business decisions to reduce risk and enhance financial returns and meet the expectations of our stakeholders. We commit 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.

We want to ensure that our increasing participation in the flows of metals commodities around the world enhances the lives of the communities in which we operate and helps to preserve land and resources for future generations.

It is our objective to:

- (i) respect human rights and avoid contributing to conflict through our mineral sourcing practices, by reducing the opportunities for armed groups and public security forces to benefit from mineral production and trade; improve livelihoods of artisanal miners;
- (ii) bring transparency to mineral supply chains, strengthen local government capacity to regulate and supervise its mineral sector, improve data collection, increase revenues and stem illicit financial flows and illicit trade linked to the production and trade of minerals;
- (iii) cultivate an environmentally sustainable corporate engagement.

We also hope to influence other market participants to improve their performance in these areas.

We aim to have a multi-stakeholder approach to supply chain due diligence by collaborating with other industry members (even upstream and downstream) and building partnerships with civil society organizations.

**Our supply chain policy is:**

- applied globally across all our operations;
- Consistent with the standards set forth in the model supply chain policy of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas;
- Subordinated to our company Code of Conduct;
- Integrated into our standard 'customer due diligence' process,
- Aligned with our Anti-Bribery and Corruption Policy (guided by the FCPA and UKBA), and our Anti-Money Laundering and Countering Financing of Terrorism policy (guided by the FATF guidance).

**Key principles:**

- 1) While sourcing from, or operating in, conflict-affected and high-risk areas, we will neither tolerate nor by any means profit from, contribute to, assist with or facilitate the commission by any party of **human rights abuses, especially including:**
  - i) any forms of torture, cruel, inhuman and degrading treatment;
  - ii) any forms of forced or compulsory labor;
  - iii) the worst forms of child labor (ILO Convention No 182);
  - 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.

We will not tolerate any direct or indirect support to **non-state armed groups** through the extraction, transport, trade, handling, or export of minerals.

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, export companies or international traders.

- 2) 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.
- 3) 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 mineral supply chain 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.
- 4) We support the implementation of the principles and criteria set forth under the Extractive Industry Transparency Initiative (EITI) for the public disclosure, on a disaggregate basis, of all information on **taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments.**
- 5) In accordance with our position in the supply chain, we commit to **engage with** suppliers, central or local governmental authorities, international organizations, 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.
- 6) We will suspend or discontinue engagement (after failed attempts at mitigation) with upstream suppliers where we identify a reasonable risk that they are involved in, sourcing from, or linked to, any party committing serious abuses.

### **Environment, Health and Safety (EHS):**

IXM is committed to maintaining compliance with all applicable national and international environmental laws and regulations as well as continuously improving its environmental footprint. This commitment drives us to identify and consider new opportunities to monitor and minimize the impact of our operations on the environment, as well as to join global efforts in the fight against climate change. We ensure the integration of sound environmental practices in our day-to-day activities and long-term business management and strategy.

IXM fulfills this commitment by:

1. Monitoring and managing environmental aspects to proactively mitigate impacts to our employees, communities, and surrounding environment.
2. Communicating these commitments to employees, contractors and suppliers of goods and services. And requiring contractors and suppliers of goods and services to comply, as appropriate, with the requirements of this Policy.
3. Maintaining active grievance management and resolution processes to address stakeholder complaints.
4. We engage with our counterparts regarding environmental performance and conduct environmental audits when deemed necessary. And we commit to an ongoing evaluation of risks associated with our supply chain, particularly these EHS issues associated with our industry:
  - Water use and quality
  - Wastes, and Hazardous materials
  - Safety of Tailings Dams, and Water storage dams
  - Energy Use, Land use and biodiversity
  - Air emissions, Noise, and vibrations
  - Mining permits, Community resettlements, Mine Reclamation and Closure Plan (MRCP)

### **Our Risk Management approach:**

Implement a 'Risk based approach' (measures that a company takes to conduct due diligence should be commensurate to the severity and likelihood of the identified risks) with explicit application to conflict-affected and high-risk areas. Take reasonable steps and make good faith efforts to implement the OECD's due diligence framework.

#### **1) COMPANY MANAGEMENT SYSTEMS**

- a. **Adopt a policy** for responsible mineral supply chains (aligned with the 'model supply chain policy' of the OECD)
- b. **Communicate publicly and to our suppliers** our supply chain policy and expectations on responsible supply chains of minerals from conflict-affected and high-risk areas; **And incorporate the supply chain policy and due diligence processes into commercial contracts** and/or written agreements with suppliers which can be applied and monitored, including, if deemed necessary, the right to conduct unannounced spot-checks on suppliers and have access to their documentation.

Support the capabilities of suppliers to improve performance and conform to our company's supply chain policy.

Establish, where practicable, **long-term relationships with suppliers** as opposed to short-term or one-off contracts in order to build leverage over suppliers.

**c. Establish traceability or chain of custody system over mineral supply chain**

**2) IDENTIFY & ASSESS RISKS IN THE SUPPLY CHAIN**

- a. Identify and verify traceability or **chain of custody information** (e.g. mine of origin, trade routes, suppliers).

Identify and assess actual or potential risks by evaluating the circumstance against our supply chain policy, and any applicable national laws.

Identify the factual circumstances (using an **evidence-based approach**) in the 'mineral supply chain' of products originating from conflict-affected and high-risk areas, concerning chain of custody or traceability (mine of material origin);

Make reasonable efforts to obtain through incorporation of the below **disclosure requirements into commercial contracts** with local producers or exporters:

- The **ownership** (including ultimate beneficial ownership) and corporate structure of the exporter, including the names of corporate officers and directors; the business; government, political or military affiliations of the company and officers;
- **Quantity, dates and method of extraction** (artisanal and small-scale or large-scale mining);
- **locations** where minerals are consolidated, traded, processed or upgraded;
- The **identification of all upstream intermediaries**, consolidators or other actors in the upstream supply chain;
- **Transportation routes**;
- All **taxes, fees or royalties paid to government** for the purposes of extraction, trade, transport and export of minerals;
- **Instances of any serious abuses committed** by any party in mines, transportation routes and points where minerals are traded and/or processed; Instances or information on any **direct or indirect support to non-state armed groups** or public or private security forces through the extraction, transport, trade, handling or export of minerals; **Irregularities**, reports or instances of fraud, misrepresentation.

And **readily disclose this information to immediate downstream purchasers** when requested.  
**Facilitate auditor contact and logistics with other upstream actors and local stakeholders.**

- b. For red flag locations, suppliers or circumstances, undertake **on-the-ground assessments** to identify risks of contributing to conflict or serious abuses (ref Annex II Model Policy for risks).
- c. Implement **ongoing monitoring** - this is an ongoing, proactive and reactive process.

- And **improve** our due diligence activities and risk management performance over time.
- d. Make available an **anonymous reporting tool** to receive and address queries from any interested party (affected persons or whistle-blowers) to voice concerns regarding the circumstances of the mineral supply chain.
  - e. **Stay updated on industry literature** relating to metal extraction, review research reports, including from governments, international organizations, NGOs, and media, maps, UN reports and UN Security Council sanctions, and its impact on conflict, human rights or environmental harm in the country of potential origin.

**When buying directly from the miners or local traders**, the risk assessment may be supported by:

- Desktop research and/or on-site visits;
- Engaging with the supplier;
- Consult with other stakeholders – upstream/downstream companies, government authorities, industry members who share the same suppliers;
- Depending on severity, make use of an **on-the-ground assessment team** (that may be set up jointly in cooperation with other upstream companies);
- If there's insufficient information or origin or chain of custody, individually or collectively arrange an **independent third-party audit** (ensure there's no conflict of interest). Engaging in multi-stakeholder initiatives for due diligence does not release us from being responsible for the scope and quality of due diligence.

**When buying from smelters/refiners** assess whether they have carried out all elements of due diligence for responsible supply chains of minerals from conflict-affected and high-risk areas.

- Gain evidence on due diligence practices & risk management strategies of the smelter/refinery;
- Request for disclosure on chain of custody information;
- Work with the smelter/refinery and contribute to finding ways to build capacity, mitigate risk and improve due diligence performance, including through industry-wide initiatives.

### 3) MANAGE RISKS

- a. Report identified risks to senior management and fix internal systems  
The independent compliance team report finding to the company's senior management outlining the information gathered and the actual and potential risks identified in the supply chain risk assessment.
- b. Disengage from suppliers associated with the most serious impacts
- c. Mitigate risk, monitor, and track progress.

The internal accountability with respect to the implementation of the supply chain due diligence process lies with the commercial team.

Implement a risk management plan, that includes **continuing to trade or temporarily suspend trading** while pursuing ongoing risk mitigation; or **disengage with a supplier** after failed attempts to mitigation (or mitigation is not feasible or risks unacceptable).

Ongoing risk mitigation should state **clear performance objectives within a reasonable timeframe (3-6 months) and include qualitative and/or quantitative indicators to measure improvement.**

#### **4) PUBLICLY REPORT ON DUE DILIGENCE**

- a. Annually **describe all due diligence efforts** (Steps 1-3), e.g. risk assessment & mitigation, with due regard for business confidentiality and other competitive or security concerns (e.g. supplier relationships, price information, or identities of whistle-blowers or sources should not be disclosed);
- b. Make report **publicly available**, in offices and / or on company website.

### **Application of the policy**

#### **Monitor Red Flags**

- The minerals **originate from or have been transported via a conflict-affected or high-risk area.**
- The minerals are claimed to originate from a country that has **limited known reserves**, likely resources or expected production levels of the mineral in question (i.e. the declared volumes of mineral from that country are out of keeping with its known reserves or expected production levels).
- The minerals are claimed to originate from a country in which minerals from conflict-affected and high-risk areas are **known to transit.**
- The company's suppliers or other known upstream companies have **shareholder or other interests** in companies that supply minerals from or operate in one of the above-mentioned red flag locations of mineral origin and transit.
- The company's suppliers' or other known upstream companies are **known to have sourced minerals** from a red flag location of mineral origin and transit in the last 12 months.

#### **Risk response strategies – for minerals with risks of fraudulent information, unknown/insufficient information on origin or chain of custody:**

Responsibility for determining the actions that a company undertakes in response to identified risks rests with the company's management.

RISK	RISK RESPONSE
<b>Type 1 (low risk)</b>	<ul style="list-style-type: none"> <li>• Accept or dispatch any segregated minerals.</li> <li>• Continue to monitor the supply chain.</li> <li>• Collaborate with upstream participants and other stakeholders to strengthen due diligence</li> <li>• Publicly report on due diligence in accordance with Step 5 of the Guidance.</li> </ul>
<b>Type 2 (indeterminable)</b>	<ul style="list-style-type: none"> <li>• Work with national authorities, suppliers, service providers, regional or industry due diligence programs and other stakeholders to implement stronger chain of custody or traceability systems;</li> <li>• Accept or dispatch segregated minerals if relevant (see paragraph 1 above);</li> <li>• Improve internal due diligence systems, e.g. improve internal data-management, any chain of custody or traceability systems, and identify and manage any risks over time;</li> <li>• Support efforts of national authorities to improve governance of the mineral sector, for example in the inspection and classification of mine sites (e.g. as green-, yellow- or red-flagged) for sourcing purposes; establishment and implementation of chain of custody or traceability and due diligence systems; mineral export certification; data management and exchange;</li> <li>• Consider applying a share of mineral sales, as agreed by stakeholders, to help finance implementation of due diligence, through nationally, multi-stakeholder or industry programs; and</li> <li>• Publicly report on due diligence.</li> </ul>
<b>Type 3 (mitigation risk)</b>	<ul style="list-style-type: none"> <li>• Same risk response as Type 2 above; also</li> <li>• Alert authorities and national, multi-stakeholder or industry due diligence programs of the risk</li> </ul>
<b>Type 4 (risk of contributing to conflict)</b>	<ul style="list-style-type: none"> <li>• <b>Suspend or discontinue engagement</b> with the supplier for a minimum of three months. Suspension may be accompanied by a revised risk management plan, stating the performance objectives for progressive improvement that should be met before resuming the trade relationship;</li> <li>• <b>Alert authorities</b> and national, multi-stakeholder or industry due diligence programs of the risk and involve them and other affected stakeholders in risk management;</li> <li>• <b>Work with national authorities</b>, suppliers, service providers, regional or industry due diligence programs and other stakeholders to implement stronger chain of custody or traceability systems, risk assessments and on-going monitoring;</li> <li>• <b>Improve internal due diligence</b> awareness and capacity, e.g. improve internal data-management, chain of custody or traceability systems, and identify and manage any risks over time;</li> <li>• <b>Support other efforts of national authorities</b> to improve governance of the mineral sector, for example in the inspection and classification of mine sites (e.g. as green-, yellow- or red-flagged) for sourcing purposes; establishment and implementation of national chain of custody or traceability and due diligence systems; mineral export certification; data management and exchange;</li> <li>• <b>Publicly report on due diligence.</b> This includes, among others, a description of the nature of the risks identified (e.g. number of type 4 risks identified), and the risk response measures put in place, including the actions described above, as well as the monitoring and risk prevention efforts.</li> <li>• If minerals are <b>segregated and secured by the upstream company already</b>, [sell minerals to authorities at cost for later sale with profits used to finance implementation of due diligence, through nationally, multi-stakeholder or industry programs];</li> <li>• If the identification of type 4 risks occurs <b>after the mineral has been traded</b> downstream and initial due diligence performed (i.e. during the minerals' subsequent progression down the supply chain), companies and on-the-ground due diligence programs should consult with central and local authorities, civil society and other affected stakeholders to see if any further risk</li> </ul>

management measures are expected. **In general, follow-up measures to identify the minerals downstream which are associated with type 4 risk should be avoided, so as to enable constructive engagement of all companies in the supply chain in the implementation of due diligence.** Specifically:

- Follow-up measures to identify the minerals downstream associated with type 4 risk **should not be undertaken if good faith and reasonable due diligence had been performed** to identify, mitigate and prevent the risk of contributing to conflict, consistent with the OECD Guidance and Best Practice Paper.
- Failure to detect risk in one instance does not mean that the due diligence systems of the company are not generally effective. **The identification, management and subsequent disclosure of risks (e.g. of fraud, of contributing to conflict) can help to demonstrate that the due diligence systems of the company are operating effectively. Companies are not in breach of OECD guidance, so long as companies have carried out the due diligence and risk management mentioned, if:**
  - there is **insufficient information** on risks / origin / chain of custody to begin with.
  - Minerals that were purchased in good faith with recommended due diligence performed, however **subsequent** monitoring, audits, other sources reveal that the information on the risk / origin / chain of custody was **incorrect or fraudulent**.
- As a result of the implementation of risk management outlined herein, and by agreement of stakeholders involved in upstream due diligence, all companies further downstream in the supply chain of these minerals are no longer deemed to be sourcing from, or linked to, any party (i) committing serious abuses (as defined in paragraph 1 of Annex II) or (ii) providing direct or indirect support to non-state armed groups.

**Specific steps to be taken when there’s insufficient information on origin or chain of custody:**

- Segregate minerals from of different origin and chain of custody or traceability throughout the course of their risk assessment and management. **Segregate minerals on the basis of the most detailed origin and chain of custody or traceability information** prima facie available. Minerals with similar traceability and provenance information should be grouped together. Improve internal data-management, any chain of custody or traceability systems.
- **Secure and monitor segregation of minerals** to prevent leakages or contamination with minerals from other origin and chain of custody or traceability, such as on-going production from a mine site where due diligence has not yet been carried out.
- Seek to **collect any additional available information on risk, origin and chain of custody** or traceability information.  
**Engage with central and local authorities, civil society and other affected stakeholders** to collect any missing origin and chain of custody or traceability information on the minerals where it exists.  
**Reach out to suppliers** of minerals with incorrect or fraudulent information and on-the-ground due diligence programs and request details, including an explanation of due diligence conducted on the minerals and any other (documentary or qualitative) evidence of risk, origin and chain of custody. The supplier’s willingness to engage and take corrective action will help determine the appropriate risk response strategy.



### **ASM metal**

**The rising awareness about ‘conflict minerals’** and regulatory pressure to report on sourcing practices have led to reluctance by some international buyers and users of minerals to source from conflict-affected and high-risk areas, given the risks involved. This, for example, has led in some cases to companies effectively sourcing ‘Africa-free’, or expecting “100% conflict-free” product guarantees, instead of putting in place due diligence systems to ensure responsible sourcing from conflict-affected and high-risk areas, as is the aim of the Guidance. These types of expectations and the risk-averse behavior are counterproductive and based on a misperception of international standards. The Guidance encourages companies to engage responsibly in sourcing minerals from conflict-affected and high-risk areas. Responsible sourcing of minerals is about good faith efforts to work and improve conditions in the supply chain. Unless a buyer finds evidence of armed group involvement or serious human rights abuses in the mine or trader, on-going engagement through sourcing relationships, in particular with artisanal miners, is the recommended course of action. Otherwise, there’s a risk that the trade will become even more hidden, leaving the miners in a worse-off position. While legislation across countries varies, **the Due Diligence Guidance encourages buying ASM metal**, provided that ASM activities are legitimate and that adequate due diligence is carried out and risks identified and managed accordingly.