



# Responsible Sourcing Compliance Report

Supply Chain Due Diligence Report 2024

## Introduction

At Metal Concentrators SA (Pty) Ltd (MetCon), responsible sourcing remains the foundation of our sustainable business model. In alignment with the Responsible Jewellery Council (RJC) Code of Practices (COP), the RJC Chain of Custody (CoC) Standard, and the OECD Due Diligence Guidance, we ensure that all precious metals are sourced, processed, and sold in a transparent, ethical, and socially responsible manner.

## Statement of Conformance

MetCon confirms its full compliance with the RJC COP and CoC standards. Our internal controls, policies, and due diligence mechanisms are reviewed and strengthened regularly to address emerging risks and international best practices.

## Summary of Activities

### 1. COP 5–14: Responsible Supply Chains and Human Rights

#### Step 1 – Establish Strong Management Systems

- Updated and enforced policies: KYC, AML, Anti-Bribery, and Supply Chain Due Diligence.
- A grievance mechanism is maintained; no formal complaints were received in 2024.
- Supplier documentation and risk profiles are monitored via a dedicated internal system and site visits.
- Regulatory Alignment: In response to recent Financial Intelligence Centre (FIC) updates, MetCon has registered as a High Value Goods Dealer (HVGD).
  - Our internal policies and procedures have been revised and aligned to meet HVGD obligations, including enhanced recordkeeping, threshold reporting, and suspicious transaction reporting in line with FIC requirements.
- Anti-Money Laundering (AML) Review
  - In November 2024, MetCon engaged Moore Johannesburg Inc. to perform an Agreed-Upon Procedures (AUP) engagement on its Anti-Money Laundering (AML) practices for the period 1 March 2023 to 29 February 2024.
  - The review evaluated our AML policies, risk framework, client and supplier onboarding procedures, monitoring mechanisms, employee training, and our compliance with the FIC Act, FATF guidelines, and relevant sectoral legislation such as the Precious Metals Act.
  - The audit concluded that MetCon is compliant in all material areas.

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#### Metal Concentrators SA (Pty) Ltd

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- This AML review confirms the robustness of MetCon's compliance framework and its alignment with international best practices in the fight against financial crime.
- Training and Awareness  
MetCon provides ongoing staff training in line with its formal training schedule and conducts targeted training sessions in response to regulatory updates. For example, in 2024, several external training sessions were attended to understand recent changes in the Financial Intelligence Centre (FIC) regulatory framework ensuring staff remained informed and compliant with High Value Goods Dealer (HVGD) obligations.

## Step 2 – Identify and Assess Risks

- A three-tier risk classification model (Low, Medium, High) is applied based on the counterparty's risk profile and updated monthly.
- Each counterparty is assessed across seven risk classifications, which continue to form the foundation of MetCon's due diligence process:
  1. Business Risk
  2. Industry Risk
  3. Geographical Risk
  4. Supply Chain Risk
  5. Customer Risk
  6. Individual Risk
  7. Product/Service Risk
- These classifications guide onboarding decisions, escalation protocols, and monitoring intensity.
- Red flags—such as inconsistencies in origin documentation, adverse media, or sudden volume changes—are tracked and reviewed against these categories.
- Risk reviews incorporate both documentary analysis and elemental assessment of feedstock.

## Step 3 – Manage and Mitigate Risks

- All risk issues are discussed at our Client Risk Review Committee (CRRRC).
- The CRRRC, established as a formal governance layer, is a multi-departmental body tasked with:
  - Reviewing flagged counterparties based on risk triggers
  - Escalating and deciding on onboarding, monitoring or, termination
  - Managing risks such as abnormal volumes, third-party payments, tax anomalies, or reputational concerns
- CRRRC meetings are held quarterly or as needed; outcomes are documented and actioned accordingly.

## Step 4 – Third-Party Verification

- Our RJC Mid-Term Surveillance Audit for the Chain of Custody (CoC) Standard only was successfully completed on 31 October 2024 by Bureau Veritas.
- No non-conformances were raised.
- The audit confirmed ongoing alignment with the CoC 2017 Standard and verified the effectiveness of our due diligence framework, including risk classification and CRRRC functionality.

## Step 5 – Annual Reporting

### 1. How Red Flag Information Strengthened MetCon's Due Diligence (Required under RMAP VIII.D)

During the reporting period, MetCon collected red flag information through its KYC/KYP processes, site visits, supplier risk assessments, media screening, and the RMI Supply Chain Mapping Tool.

This information directly strengthened MetCon's due diligence efforts by:

- identifying high-risk suppliers earlier in the onboarding process;
- enabling targeted Enhanced Due Diligence (EDD) on suppliers located in, or sourcing from, CAHRAs;
- improving traceability by validating transport routes, actors, and material origin;
- highlighting priority suppliers requiring supply chain mapping or site visits;
- informing CRRC decision-making regarding monitoring frequency and mitigation actions.

As a result, MetCon's due diligence system improved in accuracy, responsiveness, and alignment with OECD Annex II expectations.

### 2. Summary of Red Flag Review Methodology and Results (Required under RMAP VIII.D)

#### Methodology:

MetCon applied the OECD Step 2 red flag identification process, which includes:

- supplier KYC information review;
- beneficial ownership verification;
- geographical risk assessment using RMI and OECD CAHRA indicators;
- transaction monitoring and pattern analysis;
- media and sanctions screening;
- site-visit findings for mined or high-risk suppliers.

No incidents of confirmed OECD Annex II risks were identified.

All identified red flags were reviewed by the CRRC and assigned corrective actions where applicable.

## Labour Rights and Working Conditions (COP 15–22)

We continue to uphold ethical labour standards across all sites, aligned with South African law and the RJC Code of Practices. No labour-related grievances or compliance breaches were recorded in 2024.

## Health, Safety, and Environment (COP 23–27)

- One Lost Time Injury (LTI) was recorded during the reporting period.
- Environmental and safety programs were actively maintained across both our SEZ and Cape Town operations.
- In 2024, MetCon partnered with Carbon Trust to complete our Scope 1 and Scope 2 carbon emissions assessment.
  - This baseline assessment provides the foundation for our carbon reduction targets.
  - Findings have informed improvements in energy efficiency, solar energy expansion, and emissions tracking procedures.

## Conclusion

MetCon remains fully committed to responsible and ethical business practices across all aspects of our operations. Our risk classification framework, proactive governance (including CRRC),



alignment with new FIC HVGD regulations, and our successful AML and RJC CoC-specific third-party audit reinforce our continued leadership in responsible sourcing and transparency.

**Date of report:** 11 June 2025

**Website:** [www.metcon.co.za](http://www.metcon.co.za)