

Mezzarion Responsible Sourcing Standard (RSS)

— v1.2

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PURPOSE

The Mezzarion Responsible Sourcing Standard sets practical, measurable requirements for counterparties across mining, trade, and investment. It is designed to prevent harm, reduce risk, and keep transactions bankable, without creating unnecessary friction.

SCOPE

Applies to all suppliers/producers, buyers, investors/capital partners, logistics/warehousing providers, and intermediaries/mandate holders engaged by Mezzarion or its clients.

GUIDING STANDARDS

- OECD Due Diligence Guidance for Responsible Mineral Supply Chains
- UN Guiding Principles on Business & Human Rights (UNGPs)
- Applicable laws on sanctions, export controls, anti-bribery & corruption, and modern slavery
- Relevant environmental, health & safety (HSE) regulations and good practice (e.g., GISTM for tailings where applicable)

BASELINE COMMITMENTS

- Zero tolerance for forced, compulsory, or child labor
- No inhumane treatment, harassment, or discrimination
- No bribery, facilitation payments, or kickbacks
- Compliance with sanctions/export controls and end-use/end-user rules
- Progressive improvement on environment, safety, and traceability, with verified corrective action plans (CAPs)

WHO THIS APPLIES TO (EXPECTATIONS)

Suppliers/Producers

- Legal: valid licenses/permits; disclosure of UBOs (≥10–25% as applicable).
- HSE: basic safety management, incident logs, emergency procedures; tailings/waste managed to recognized standards.
- Traceability: mine/asset of origin where available; chain-of-custody (transport, storage, assays/CoA).
- Social: community engagement summary; security provider arrangements disclosed (aligned to Voluntary Principles on Security & Human Rights).

Buyers

- Compliance: import licenses where required; acceptance of sanctions/export-control

checks; end-use/end-user transparency on request.

- Payment integrity: approved instruments or regulated escrow; declared fee structures.

Intermediaries/Mandates

- Registration: NCNDA + Fee Letter; mandate chain verified.
- Conduct: no undisclosed side payments; pass KYC; comply with ABC rules.

Investors/Capital Partners

- Source of funds/wealth disclosure as required.
- ESG undertakings: acceptance of minimum covenants and incident notification duties.
- Use of proceeds: not to fund prohibited/high-risk activities without agreed mitigations.

OECD-ALIGNED 5-STEP PROGRAM

1. Strong management systems

- Responsible Sourcing Policy & Supplier Code issued at onboarding.
- Roles: ESG Lead (owner), Compliance (KYC/sanctions), Legal (contracts), Ops (field/logistics).
- Grievance channel and data governance (GDPR-grade).

2. Identify and assess risks

- Jurisdiction and CAHRA (conflict-affected/high-risk areas) status.
- UBO/sanctions screening; PEPs; adverse media.
- Operational risks: site conditions, HSE, tailings/mercury, transport routes, warehouse controls.

3. Mitigate and manage

- Risk rating (Green / Amber / Red).
- CAPs with owners, milestones, and dates; enhanced monitoring for Amber.
- Suspend/exit where risk is unmitigable (Red).

4. Independent assurance

- Targeted third-party audits (site, warehouse, or documentary) when risk/materiality warrants.
- Recognition of credible certifications/schemes where applicable.

5. Report and improve

- Annual program summary (aggregated metrics below).

- Lessons learned flow into contract riders and SOPs.

RISK CLASSIFICATION (CUSTOMER-FACING SUMMARY)

- Green (Low): proceed on standard terms; annual refresh.
- Amber (Medium): proceed with conditions (e.g., escrow only; capped exposure; independent inspection); 6-month refresh and event-driven checks.
- Red (High/Prohibited): decline or pause pending remediation.

EVENT-DRIVEN RE-SCREEN TRIGGERS

Change in UBOs/directors/banking; adverse media; sanctions updates; PEP elevation; material contract/geography change; significant HSE/ESG incident; unusual instrument or logistics behavior.

ASM (ARTISANAL & SMALL-SCALE MINING) POLICY

- Minimum entry bar: lawful origin; no child/forced labor; basic PPE and safety; no protected-area infringement.
- Progressive plan: simple CAP covering safety, environmental controls (incl. mercury phase-out where relevant), legal formalization, and traceability steps.
- Commercial approach: smaller pilot lots, enhanced monitoring, and escrowed payments until performance is demonstrated.

DUE DILIGENCE: WHAT WE COLLECT (MINIMUM NECESSARY)

Identity & Ownership

- Company registry extract, UBO declaration (≥ 10 –25% bands), IDs for controllers.

Licenses & Approvals

- Mining/processing/export permits; environmental approvals where applicable.

Operations & HSE

- Site coordinates; production capacity; HSE plan; tailings/waste management summary; incident logs.

Traceability & Quality

- Chain-of-custody records (transport docs, warehouse receipts); assays/CoA; independent lab details; inspection certificates.

Community & Security

- Summary of community engagement; use of public/private security and incident records.

Assurance

- Recent audits/certifications if any; CAP status.

TRACEABILITY & CHAIN OF CUSTODY

- Physical logistics (site → warehouse/port → vessel) documented with

weighbridge/tally and independent inspection where material.

- Samples sealed with custody records; assays by independent/labeled labs; re-test protocol available.

CONTRACTUAL REQUIREMENTS

- Mandatory clauses: human rights, ABC, sanctions/export controls, modern slavery, ESG, data privacy, audit rights, termination for cause.
- Quality/inspection: independent labs; “closest-two” three-lab dispute rule; clear cost allocation.
- Fees/commissions: disclosed waterfall via regulated escrow only.

RED FLAGS (EXAMPLES)

- CAHRA exposure with missing/forged permits; credible abuse by security forces.
- Refusal to disclose UBOs; unverifiable origin or warehouse; mismatched logistics records.
- Child labor indicators; forced labor; severe OHS violations.
- Bribery requests; side-payment demands; undisclosed intermediaries.
- Tailings instability, toxic discharges, or banned substances (e.g., mercury where prohibited).
- Sanctions hits; export-control evasion; dual-use misstatements.

MITIGATION, CAP, AND ENFORCEMENT

- CAPs define actions, owners, timelines, evidence, and verification.
- Monitoring cadence: monthly/quarterly depending on risk and materiality.
- Stop-work triggers: new sanctions designation; serious HSE/ESG incident; substantiated abuse; refusal of inspection; falsification of material records.
- Exit: if CAP fails or risk remains unmitigable.

ASSURANCE & AUDITS

- Desktop or on-site audits may be required for Amber/Red-flag cases.
- Independent auditors or recognized schemes accepted where credible and current.

GRIEVANCE & WHISTLEBLOWING

- Open to employees, suppliers, communities, and other stakeholders. Anonymous reports accepted where lawful.
- Email: [info@mezzarion.com], subject: ethics
- Include: who/what/where/when; evidence; safety considerations.
- We acknowledge within 5 business days and provide status updates where safe and lawful. Retaliation is prohibited.

PROGRAM METRICS (PUBLISHED ANNUALLY, AGGREGATED)

- % active suppliers with completed KYC & sanctions screen
- % traceable to mine/asset of origin (or credible choke points)
- # material red-flag cases opened/closed; median time-to-closure
- # audits completed and CAPs verified
- % ASM engagements with active improvement plans
- Material incidents and remedial actions (aggregated)

DATA PRIVACY & SECURITY

- GDPR-grade baseline globally; lawful basis = contract and legitimate interests.
- Minimum-necessary collection; encrypted storage; role-based access.
- Typical retention: KYC (10y), contracts (10y), compliance logs (5y) unless law requires longer.
- Cross-border transfers protected by SCCs or equivalent.
- DPO contact: [info@mezzarion.com], subject: privacy

GOVERNANCE & ROLES

- ESG Lead: program owner and CAP oversight.
- Compliance: KYC/sanctions/export-control screening; adverse media.
- Legal: contract riders; audit/termination rights; grievance governance.
- Operations: logistics verification, inspections, sampling/assay SOPs.
- Exception Committee: Legal, Compliance, Risk/Treasury, Ops; convened for Red-flag cases or stop-work.

CONTACT

- Start a responsible sourcing review: [contact@mezzarion.com]
- Ethics concerns (grievance/whistleblowing): [info@mezzarion.com], subject: grievance

LEGAL NOTICE

This standard summarises our responsible sourcing requirements. It is a customer-facing document and not legal advice. Binding obligations are defined in executed agreements and policy riders.