



PRINCIPLES FOR SUSTAINABLE PROCUREMENT

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All suppliers to Pensana are expected to adhere to all relevant laws and to meet any additional recognised standards or additional policies and procedures as determined from time to time by Pensana or its subsidiaries to ensure the business can deliver on its aim to deliver a sustainable rare earth value chain.

We expect of all our suppliers including feedstock, reagents and goods and contracting services, regardless of the value or length of the contract, to read, understand and adhere to this document.

Pensana aims to foster a culture of partnership and collaboration with its suppliers and encourages its suppliers to operate or develop a philosophy of continual improvement.

1. APPLICATION OF THE “PRINCIPLES FOR SUSTAINABLE PROCUREMENT”

These principles apply to all suppliers of Pensana and its subsidiaries. The term supplier includes all businesses which are providing goods, feedstock, reagents, services or are in any other contract to supply Pensana.

2. REQUIREMENTS FOR SUPPLYING PENSANA

Whilst, as part of the commitment to continual improvement, Pensana will not necessarily discount suppliers with previous discrepancies. Pensana does expect all its suppliers to adhere to all local laws as a minimum and will take a firm approach towards suppliers which engage in breaches of the law, or, where, in absence of appropriate laws, are found to engage in:

- Bribery and corruption
- Adverse human rights (based on the UN’s Guiding Principles on Business and Human Rights)
- Discrimination of any kind (including, but not limited to, gender, race, nationality, sexuality, disability)
- Not considering and investigating valid employee whistleblowing aligned to local expectations
- Showing little or no care towards colleagues’ health and safety and the environment including (but not limited to):
 - Not completing and acting on health and safety or environmental (HSE) risk assessments
 - Not allowing colleagues to report concerns or incidents relating to HSE and/or taking no mitigating actions to prevent reoccurrence
 - Knowingly allowing illegal or excessive environmental pollution to occur
- Adverse and avoidable impact on the global climate through inadequate assessment of risks and opportunities
- Poor ethics and unfair activity in its business.

3. WORKING WITH OUR SUPPLIERS TO ENHANCE OUR POSITIVE CONTRIBUTION

Pensana is an ambitious business and aims to make a material difference to sustainable development across its entire value chain. As such:

- we endeavour to apply world class sustainability principles in partnership with our suppliers, as our suppliers are a key part of our business strategy
- we encourage our suppliers to consider their impact, risks and opportunities throughout their Environment, Social and governance (ESG) impact.

There may be occasions where Pensana includes additional ESG requirements as part of tenders or contracts. Examples of additional requirements which align to Pensana's strategy, and may be included in certain contracts, are contained in Appendix 1.

4. WHAT DOES THIS MEAN FOR SUPPLIERS OR POTENTIAL SUPPLIERS

In order to comply with these principles, we expect our suppliers to:

- ***Be open and responsive to prescreening*** to demonstrate compliance with these procedures. This could be done as part of a pre-tender, tender or as part of contractual negotiation. Pensana will adopt suitable pre-screening for all suppliers.
- ***Provide availability for review (on request)*** against the requirements of this procedure by either Pensana or third parties under the instruction of Pensana. This would require an openness to allow appropriate access, including, but not limited to, documentation relevant to the contract and demonstrating compliance with this procedure. Furthermore, this includes a requirement for suppliers to allow Pensana access to related sites for the purposes of audit, review and investigations.
- ***Keep records, documentation and evidence*** to demonstrate compliance with this standard.
- ***Be committed to continual improvement*** across the supplier's value chain and be willing to adopt any future continual improvements and amendments to this procedure identified and communicated by Pensana.
- ***Be open and transparent*** about their operations. This should include completing annual reports and sustainability reports robustly and honestly and ensuring that accurate records and information relevant to meeting the expectations of this document are kept. This includes ensuring that any potential breaches are thoroughly investigated and appropriate and fair conclusions are reached. In the event of a breach the supplier shall ensure it investigates and develops and completes a corrective action plan and if relevant to the Pensana contract notify it of the breach and actions taken at its earliest convenience.

5. THIRD PARTIES SOURCING ON BEHALF OF PENSANA

On occasions, Pensana will instruct third parties to source suppliers on its behalf, for example as part of an all-inclusive contract. When this occurs the party under contract with Pensana will be responsible for ensuring all those working under its instruction are responsible for adherence to these principles, notwithstanding the suppliers' obligations elsewhere in these principles.

6. A NOTE ON LOCAL ENTREPRENEURSHIP

As part of its commitment to developing the local economies in the areas in which it operates, Pensana will openly work with local suppliers who may not have the skills, experience or knowledge to demonstrate compliance. Where this occurs, and the lack of experience can reasonably be mutually agreed upon, then Pensana may waive certain evidential requirements on a risk basis. Pensana will explore additional training programmes to ensure that communities local to our operations can, where identified, access business skills training.

7. RESPONSIBILITY FOR THIS PROCEDURE

The Sustainability Manager shall be responsible for the management and effective implementation of the principles for sustainable procurement

Appendix 1

Additional Criteria Pensana May Apply in Certain Situations

Climate and Carbon

- Take meaningful action to reduce its direct and indirect carbon emissions aligned to a global net zero by 2050 pathway and where residual emissions remain plan to purchase or utilise high quality neutralisation
- Incorporate climate risks and opportunities into its business strategic planning and take effective action.

Environment and Ecology

- Operate an environmental management system aligned to, or certified to ISO14001 or similar
- Proactively aim to identify risks in advance and take mitigations to prevent adverse events before they happen
- Promote and engage in circular economy activity and openly aim to follow the waste hierarchy and ensure their own hazardous and radioactive waste is managed safely
- Take proactive steps to reduce water and energy consumption
- Promote and where relevant take material steps to protect habitat and work towards habitat net gain.

Colleagues and Community

- Operate a health and safety management system aligned to, or certified to ISO45001 or similar
- Proactively aim to identify risks in advance and take mitigations to prevent adverse events before they happen
- Work with suppliers in their value chain, relevant to Pensana, to improve health and safety performance
- Ensure opportunities are offered for local employment, especially when working in Angola and offer professional development to colleagues
- Promote active dialogue with its workforce and actively listen to and respond to concerns and questions
- Promote training, development and a culture of continual improvement in areas relevant to diversity and inclusivity
- Promote training and awareness of human rights issues to colleagues and partners in the value chain relevant to Pensana.

Ethical Business and Corporate Governance

- Adhere to high standards in its corporate and ethical governance
- Protect whistle blowers to the highest standard across its entire operations, regardless of absence of domestic regulations.