



MERAFE
R E S O U R C E S

Fraud and Whistleblowing Policy



Introduction

Merafe Resources Limited is committed to the highest moral, ethical and legal standards in conducting its business. The Company expects the same high level of integrity from all its subsidiaries, associates, employees, suppliers and customers and other stakeholders.

Employees are encouraged to take personal responsibility for ensuring integrity in their own conduct, as well as that of their colleagues, the Company, suppliers and customers and other stakeholders. If an employee becomes aware of any incident or behaviour that is contrary to the principles and standards contained in this document, she/he is expected to bring this to the attention of the Company.

Policy Objective

To provide structures whereby employees and other stakeholders may disclose information regarding unlawful or irregular conduct by the Company, its subsidiaries and associates, co-workers, suppliers or customers and other stakeholders, and for the protection of such employees within the Company who report on such conduct.

In order to give effect to this policy a channel of disclosure including a structured methodology of managing disclosures is introduced. The process, roles and responsibilities and rights of whistleblowers are enshrined in the “Fraud and Whistleblowing Procedures” annexed hereto as Schedule 1.

Disclosure may be made through an internal process. Information disclosed will be treated with utmost confidence.

Structure

A companywide structure relating to the internal disclosure process shall be as follows:



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- 1.1 The Financial Director (FD) shall be responsible for the implementation, management and maintenance of this policy;
 - 1.2 The FD shall be accountable to the CEO and the Chairperson of the Social, Ethics and Transformation Committee on all matters concerning this policy;
 - 1.3 The FD shall report at least quarterly on or an ad hoc basis if necessary to the Executive Committee and the Social, Ethics and Transformation Committee on all matters concerning this policy;

Information to be Disclosed

Information that should be disclosed could include, but not limited to any of the following:

- 1.4 Failure to comply with the Company code of ethics, or of any Company policy;
- 1.5 Committing of crime, or the likelihood thereof – e.g. the theft of Company owned property or fraud against the Company by employees or outsiders, bribery or corruption;
- 1.6 Deliberate failure to comply with any legal obligation;
- 1.7 That the health or safety of an individual (employees or outsiders) has, is, or is likely to be endangered;
- 1.8 That the environment has, or is likely to be damaged as a result of Company or employee's actions or omissions;
- 1.9 Serious breaches of information security – either through negligence or a deliberate intention; and
- 1.10 Unfair discrimination.

Review

This policy was approved by the Company and will be reviewed annually against current legislation and practice.



SCHEDULE 1

PROCEDURES

1. PROCESS

The steps to be followed for disclosing information are as follows:

1.1 Internal process

If an informant wishes to make a disclosure utilising the internal process, the following process should be followed:

Report the matter, as soon as possible, to his or her line manager. If the line manager is considered to be involved in the matter being disclosed, then report to the line manager's immediate superior, and so on;

Only if the circumstances warrant it, then disclosure may be made directly to the FD or Chairperson of the Social, Ethics and Transformation Committee;

Upon being advised of a possible misdemeanour the manager concerned should immediately report the matter to the FD. The FD will perform an initial investigation and report her/his conclusions to the CEO and Social, Ethics and Transformation Committee Chairperson.

Should the informant believe, after a reasonable time, that no action has been taken to address his/her disclosure he/she may approach the FD directly. The FD will take the necessary action to address the matter. In the case of the FD being implicated, the CEO must be approached directly.



Should the informant not be comfortable with disclosing information directly as outlined above, they can send an e-mail to tipoff@meraferesources.co.za. This email will go directly to the Social, Ethics and Transformation Committee Chairperson.

The identity of the informant and details of the incident shall remain strictly confidential to those who have received the information within the above structure. Any breaches of confidentiality will lead to disciplinary action.

2. THIRD PARTY REPORTING OF FRAUD

Third parties, including suppliers and service providers may report any fraud or suspected fraud to tipoff@meraferesources.co.za. The e-mail address will be disclosed on the Merafe website.

3. RIGHTS OF WHISTLEBLOWERS

The Executive Committee will ensure that the rights of whistleblowers are protected. An employee who makes a disclosure in accordance with the procedure will not be subjected to the following:

- Disciplinary action;
- Dismissed, suspended, demoted, harassed or intimidated;
- Transferred against his/her will;
- Alternation of the employment terms and condition of employment or retirement which is to his/her detriment;
- Refused a reference or provided with an adverse reference by the Company;
- Denied appointment to any employment, profession or office;
- Threatened with any of the above; and
- Adverse effect in his/her employment, employment opportunities or work security.



Employees may make their disclosure to a legal practitioner or in the presence of a legal practitioner who the informant believes is appropriate in the circumstances.

Where whistleblowers are personally involved in the misconduct being disclosed, the fact that they have “blown the whistle” will not give them immunity.

4. REWARD SYSTEM

As a rule, informants will not be rewarded for disclosing information.

5. FALSE DECLARATIONS

Any employee who deliberately makes a disclosure of false information or is found to have been involved in misconduct, will forfeit the “Rights of Whistleblowers” described above. Such employees will be subjected to disciplinary action in terms of the Company’s disciplinary procedures.