


Code of Ethics Implementation Progress Report for 2021

COMMUNICATION ON PROGRESS

Company Name:	Base Titanium Limited
Sector:	Mining and Exploration
No. of Employees:	867 at 31 st December 2020
COE Signatory Since:	14 th January 2016
Contact Person:	Simon Wall
Address:	P.O. Box 1214 – 80400 Ukunda, Kenya
Period covered by this COP:	14 th January 2020 to 13 th January 2021
LEADERSHIP: Statement of Continued Support by the Managing Director	
<p>To our Stakeholders:</p> <p>I am pleased to reaffirm Base Titanium's ("Base" or "the Company") support of the principles of the Code of Ethics for Business in Kenya, for corporate responsibility relating to our organisation, our shareholders and investors, our products and services, our suppliers, contractors and agents, our local communities, our county and national government and our natural environment.</p> <p>In this annual Communication on Progress ("COP"), we describe our actions to maintain and continually improve the integration of the above standards into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.</p> <p>Yours sincerely,</p>  <p>Tim Carstens Managing Director</p>	
ORGANISATIONAL GOVERNANCE:	
Base Titanium Limited is a wholly-owned subsidiary of Australian and UK-listed mining company, Base Resources Limited (ASX and AIM: BSE).	
FINANCIAL SUSTAINABILITY:	
<p>Information for financial year 2019/20 is available in the Base Resources Annual Report 2019-2020 published on the website at: https://baseresources.com.au/investors/reports/.</p> <p>The annual reports provide a description of the Company's operational and financial performance.</p>	
BRIEF DESCRIPTION OF NATURE OF BUSINESS	
<p>Base is the owner and operator of the Kwale Mine, Kenya's first large-scale modern mining project. Located in Kwale County, the mine is a KES26 billion investment, making it the county's largest industrial investment and the country's largest mining operation. Construction of the infrastructure was completed at the end of 2013 and the first bulk consignment of ilmenite was shipped from Mombasa in February 2014. The mine is currently producing around 300,000 tonnes of ilmenite; 70,000 tonnes of rutile; and 30,000 tonnes of zircon annually. Base is now focused on the rehabilitation of the mined-out areas, carrying out exploration and delivering a suite of community development programmes.</p>	

SCOPE OF THIS COP

At Base, we uphold the **10 Principles of the UN Global Compact**:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: The elimination of all forms of forced and compulsory labour.

Principle 5: The effective abolition of child labour.

Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti- Corruption

Principle 10: Businesses should work against corruption in all its forms including extortion and bribery.

In addition, Base is committed to ensuring **Social and Economic** responsibility.

HUMAN RIGHTS

UN Global Compact Principles:	<p>Principle 1: Business should support and respect the protection of internationally proclaimed human rights.</p> <p>Principle 2: Business should ensure that they are not complicit in human rights abuses.</p>
Current status	<p>Assessment, Policy and Goals</p> <p>Base's approach to human rights is guided by Kenyan legislation and international standards, including the International Labour Organization ("ILO") conventions ratified by Kenya, the International Finance Corporation Performance Standards, the United Nations Business and Human Rights Guiding principles, the Equator Principles, the Voluntary Principles on Security and Human Rights and the World Bank Group Environmental, Health and Safety Guidelines (collectively deemed "best practice").</p> <p>The Company has adopted these best practices through a series of internal policies and engages continuously and transparently with all stakeholders in order to understand impacts of its operations and to work collaboratively in developing strategies to address their concerns and aspirations.</p> <p>Implementation</p> <p>The Company's policies are communicated to employees, prominently displayed in the work place and are publicly available on its website at https://basetitanium.com/who-we-are/governance-and-standards/. The Fair Treatment and Whistle Blower systems have been established to protect the rights of employees.</p> <p>Base has a well-structured community engagement system that allows dissemination of information to village level through consultative committees and its community liaison officers who engage continuously with stakeholders. Base has also joined the Kwale Mining Alliance, an initiative that promotes a multi-stakeholder approach to addressing community issues so as to build trust among stakeholders and foster a long-term common vision for the benefit of local communities.</p> <p>Measurement of Outcomes</p> <p>Base is regularly audited both internally and externally. Performance against various human rights indicators is included in these audits.</p> <p>Commitment</p> <p>Through its policies the Company is committed to upholding these two principles by protecting, respecting and promoting human rights at all times.</p>

Future intent	Activities Planned for Next Year Base will continue to support and protect human rights, both of employees and external stakeholders. It will continue to monitor the impact of its operations to ensure that human rights are never infringed.
LABOUR RIGHTS	
UN Global Compact Principles:	<i>Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.</i> <i>Principle 4: Business should support the elimination of all forms of forced and compulsory labour.</i> <i>Principle 5: Business should support the effective abolition of child labour.</i> <i>Principle 6: Business should support the elimination of discrimination in respect of employment and occupation.</i>
Current status	Assessment, Policy and Goals By adopting best practice, Base's Employment Policy values and encourages a diverse workforce. Employment is based on merit and without discrimination. Employees are trained to work in safe, healthy and environmentally responsible ways. No forced, bonded or child labour is practised. Implementation The Company respects freedom of association and is now a union represented workplace. A collective bargaining agreement has been executed. All employees are over the age of 18 on commencement of employment. A research study on modern slavery risks facing our supply chain has been commissioned and is ongoing. Salaries are paid directly into bank accounts held in the names of employees. Measurement of Outcomes A key objective is to provide job opportunities to local communities. To this effect 70% of the workforce, inclusive of on-site contractors, is drawn from Kwale County, while 99% is Kenyan. The Company is also proud of its exceptional safety record with no Lost-Time Injuries occurring in the last 90 months of continuous operations. Commitment Base is committed to providing a safe working environment that is free from discrimination, slavery, forced and child labour. It is also committed to maximising employment and economic opportunities for project affected and local communities.
Future intent	Activities Planned for Next Year The Company will continue to ensure rigorous adherence to employment standards and labour laws, while continuing to provide a safe working environment and training opportunities for its employees. Development of a plan to equip employees with the necessary skills to transition to new jobs upon mine closure will continue. Base will also develop a prevention and mitigation strategy addressing modern slavery risks in our supply chain.
ENVIRONMENT	
UN Global Compact Principles:	<i>Principle 7: Business should support a precautionary approach to environmental challenges.</i> <i>Principle 8: Business should undertake initiatives to promote greater environmental responsibility.</i> <i>Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.</i>
Current status	Assessment, Policy and Goals The approach to environmental management is guided by Kenyan legislation and best practice, which are adopted through a series of internal policies and standards. The overriding objective is to prevent, mitigate or offset harmful effects on the environment and conserve biodiversity. Implementation Base operates under an Environmental Impact Assessment License issued by the National Environmental Management Authority, which is revalidated annually by way of independent

	<p>environmental audits.</p> <p>Employees and contractors are empowered and required to prevent pollution, maximise resource efficiency and reduce emissions.</p> <p>Base collaborates with the National Museums of Kenya, WWF-Kenya, the Kenya Wildlife Service and the Kenya Forest Service and is an active member of Kwale environmental civil society organisations. Systems and technologies that provide mechanisms to improve environmental performance are continually assessed and implemented where appropriate.</p> <p>Measurement of Outcomes</p> <p>An extensive monitoring programme, incorporating water and air quality, noise, waste and ecology is in place to identify, report and respond to any environmental issues that may arise.</p> <p>Base has restored a wetland and established a biodiversity corridor, has continued rehabilitation of the tailings storage facility walls and commenced rehabilitation of the mined-out portion of the Central Dune and South Dune.</p> <p>Commitment</p> <p>Protection of the environment is a central part of the Company's values and principles and is considered sound business practice. In addition, focus will be placed on post-mine land use and the opportunities this represents.</p>
Future intent	<p>Activities Planned for Next Year</p> <p>Extensive environmental monitoring programmes and audits, together with progressive rehabilitation of the mine utilising indigenous flora, will continue.</p>
ANTI-CORRUPTION	
UN Global Compact Principles:	Principle 10: <i>Business should work against corruption in all its forms, including extortion and bribery.</i>
Current status	<p>Assessment, Policy and Goals</p> <p>Base is committed to conducting its business in a legal, honest and ethical manner as governed by its clear and unequivocal Integrity Policy.</p> <p>The policy prohibits bribery and corruption in all its forms. The Company remains apolitical and does not make donations to parties or politicians and does not make payments that could be perceived as bribes or seeking to gain an undue advantage.</p> <p>Third parties acting on behalf of the Company are also required to comply with the policy.</p> <p>Implementation</p> <p>An updated Whistle Blower System was introduced in early-2020 in compliance with Australian law, an anonymous helpline remains available to allow employees to report any corrupt behaviour witnessed in the workplace. Base is a corporate signatory to the Extractive Industries Transparency Initiative ("EITI") and publishes annually its payments to government (http://basetitanium.com/governance/extractive-industries-transparency-initiative). Base also advocates that the Government of Kenya adopts the EITI standards and seeks accreditation.</p> <p>Commitment</p> <p>Demanding absolute integrity and advocating for anti-corruption are central to Base's business principles.</p>
Future intent	<p>Activities Planned for Next Year</p> <p>Base will continue to vigorously enforce anti-bribery and anti-corruption measures internally and to support the EITI initiative. The company is cognisant of the Bribery Act and has updated its integrity policy accordingly and circulated it to all employees.</p>

SOCIAL	
Current status	<p>Assessment, Policy and Goals</p> <p>Achieving the Company's long-term goals is dependent on building relationships with the communities in which it operates by establishing a balanced flow of mutual benefits. The Communities Policy is based on best practice and ensures broad participation of affected people. By establishing enduring relationships, it aims to provide long-term sustainable benefits to local communities.</p> <p>Implementation</p> <p>Consultative committees act as an interface between the Company and communities. This is an important tool for achieving participatory and inclusive engagement. The committees play a major role in identifying community development priorities as well as identifying and resolving grievances. This process now includes Community Development Agreements ("CDA") committees as provided for under the Mining Act 2016 and Community Development Agreement Regulations 2017.</p> <p>Links have also been established with a variety of development organisations with a view to working collaboratively with them and with Kwale County Government.</p> <p>Measurement of Outcomes</p> <p>Base has completed over 400 community projects in social infrastructure, sustainable livelihood enhancement, health and education. Agricultural programmes now involve nearly 3,000 farmers. Base also created a food relief programme that reached over 100,000 vulnerable individuals affected by the Covid-19 pandemic as well as distributed PPEs (masks, medical gowns and thermo-guns) and installed water tanks for communities.</p> <p>Commitment</p> <p>Base is committed to engaging local communities honestly and transparently to strengthen relationships and work to empower them to achieve sustainable economic benefits.</p>
Future intent	<p>Activities Planned for Next Year</p> <p>Base will continue to implement community programmes to ensure a flow of mutual benefits derived from the Kwale Mine. In compliance with legislation, the Company will incorporate CDAs into its existing programmes. With the support of key partners, it aims to expand the agricultural livelihood programme and to invest further in health and education.</p>
ECONOMIC	
Current status	<p>Assessment, Policy and Goals</p> <p>The Company aims to achieve a strong economic partnership with Kenya and make a real contribution to its development. It is also committed to honouring its tax and royalty obligations, making payments to its suppliers in a timely manner and delivering its products to customers in line with contractual obligations.</p> <p>Implementation</p> <p>The Kwale Mine, representing 65% of the country's mineral output value, is making a significant contribution to Kenya's economy. In addition to creating 867 direct employment opportunities, it supports a further 3,000 jobs in the wider economy. By maximising local content, the mine spends KES 3 billion with Kenyan suppliers annually, thus acting as a catalyst for further economic activity and close to KES 1.4 billion in government revenue is generated annually as a result of the Base's activities.</p> <p>The Kwale Mine has entered the final years of its currently defined mine life and mining will cease in late-2022 once the current ore reserve is depleted. Base has identified additional, near-site mineral sand deposits with the potential to extend the mine life for an additional 12 months thus extending to early-2024. Processes are in place seeking tenure over this newly identified area by way of a Deed of Variation to the Special Mining Lease.</p>

	Commitment Base will continue to act in a responsible manner to deliver economic benefits.
Future intent	Activities Planned for Next Year Base will continue to identify ways to support and build capacity of local businesses to participate in its supply chain. Base will continue implementing a series of exploration programmes in an effort to discover additional mineral deposits capable of extending the mine life.
How do you intend to make this COP available to your stakeholders? Base will post the commitment renewal on its website https://basetitanium.com/who-we-are/governance-and-standards/ and make it available to the Global Compact Network Kenya.	