

# REPORT ON FORCED AND CHILD LABOUR IN SUPPLY CHAINS

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MAY 2024

# ABOUT THIS REPORT

This report has been prepared in accordance with the requirements of Section 11 of the Canadian *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) and discloses information for the reporting year ended December 31, 2023 (“**FY2023**”). This report describes the steps K92 Mining Inc. and its wholly owned subsidiaries (the “**Company**”, “**K92**”, “**we**”, “**our**” or “**us**”) have taken to prevent and reduce the risk that forced labour or child labour (as such terms are defined in the Act; collectively, “**modern slavery**”) is used at any step in our activities and supply chains. This report has been prepared as a single-entity report for the Company.

## INTRODUCTION

At K92, we are committed to delivering long-term sustainable value to all of our stakeholders in an environmentally and socially responsible manner. This commitment is reflected in our mission and vision as well as in our core values.

We recognize that modern slavery presents potential risks that may affect companies and their supply chains globally. We are committed to doing our part in reporting on these risks and reporting on these risks in accordance with the Act.

Our efforts reflect the size of our Company as well as the unique sociocultural context in Papua New Guinea. In FY2023 and into 2024, we have taken steps to identify, assess and mitigate potential risks related to modern slavery in our own operations and our supply chains. The Company’s inaugural annual report under the Act provides an overview of these steps.

Combatting modern slavery risks requires collective action from a broad group of stakeholders across global value chains. Looking forward, we remain committed to working in collaboration with our stakeholders to help address these risks in Papua New Guinea and elsewhere.

## COMPANY OVERVIEW

K92 is engaged in the production and sale of gold, copper and silver from the Kainantu Gold Mine in the Eastern Highlands Province of Papua New Guinea, as well as the exploration and development of mineral deposits in the immediate vicinity of the Kainantu Gold Mine. We declared commercial production from the Kainantu Gold Mine in February 2018. For a detailed description of our business activities, please refer to our website and the latest Annual Information Form filed [here](#).

As at December 31, 2023, we had a total workforce (employees and contractors) of approximately 1,700 people. Approximately 95% of the Company’s workforce is from Papua New Guinea, with an expatriate workforce comprising the remaining 5%. We maintain our head office in Vancouver, Canada, and have a corporate office in Brisbane, Australia, with a combined staff of 24 as at the end of FY2023.

The Company is listed on Canada’s Toronto Stock Exchange (the “**TSX**”) (TSX: KNT) and the OTCQX® Best Market (the “**OTCQX**”) (OTCQX: KNTNF) and is incorporated under the *Business Corporations Act* (British Columbia).

## STEPS TAKEN TO PREVENT AND REDUCE RISK

In the financial year ending December 31, 2023, K92 took the following measures to prevent and reduce the risks of forced labour and child labour in our operations and supply chains:

- Reviewed the Board Mandate and committee charters to ensure that oversight of child labour and forced labour is covered as a responsibility.
- Presented overviews to the Board and Management on the purpose and substance of the Act, the Company’s requirements under the Act, and Management’s progress in assessing and mitigating child labour and forced labour in K92’s operations and supply chains.
- Established an internal working group composed of senior corporate and operations leadership to support due diligence work related to forced labour and child labour risks.
- Initiated a review and gap analysis of our current policies, mandates and procedures as they relate to addressing and prohibiting the use of child and forced labour in our operations and supply chains. As a result of the gap analysis, we identified opportunities for refinement and establishment of new policies to help us better assess and prevent the risk that forced labour or child labour is used in our direct operations or supply chains.
- Started development of due diligence processes for addressing and prohibiting the use of forced labour and child labour in our activities.
- Developed a draft Supplier Code of Conduct that defines our expectation that our suppliers respect our core values and comply with our Supplier Code of Conduct as a condition of doing business with the Company.
- Initiated development of a provision to be included in future supplier contracts, under which suppliers must comply with the Company’s policies and applicable laws and regulations regarding child labour and forced labour.
- Reviewed the grievance and whistleblower mechanisms for issues related to forced labour and child labour.
- Began developing new training and awareness modules related to modern slavery risks.

Further details on these activities are provided in the following sections of this report.

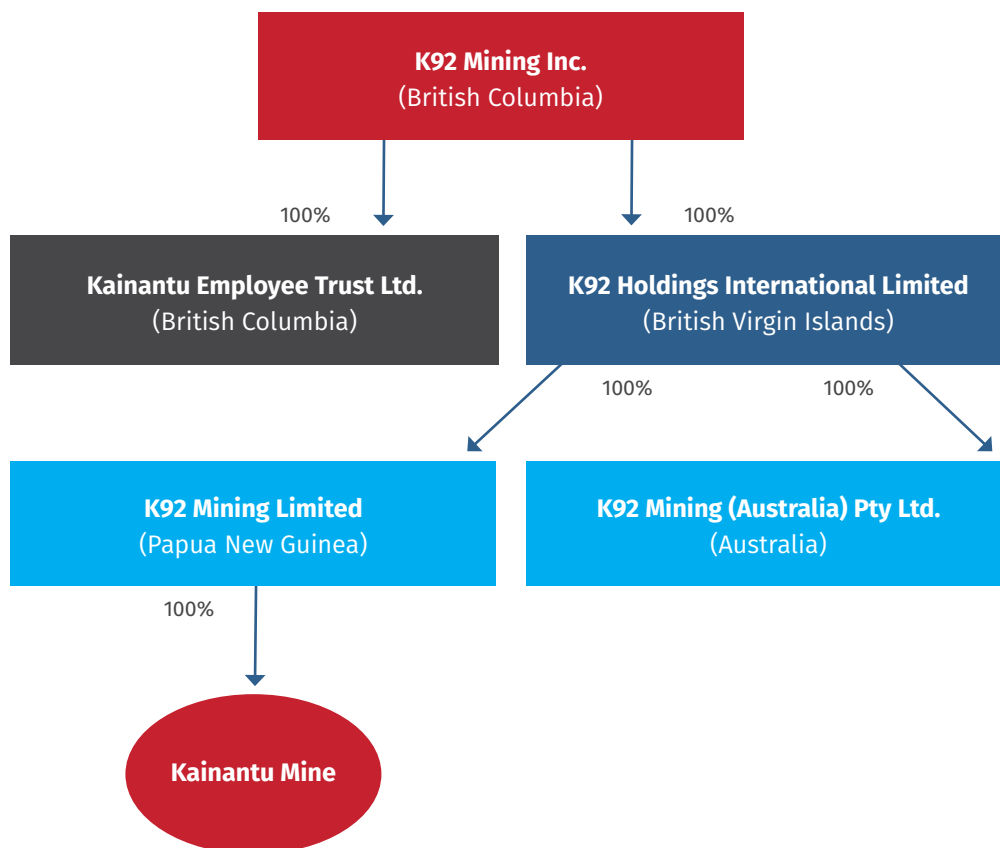
# COMPANY STRUCTURE

The table and image below provide an overview of the Company’s corporate structure, subsidiaries and interrelationships.

## Corporate Structure

Entity	Principal Business	Jurisdiction of Incorporation
K92 Mining Inc.	Parent corporation; public company with operations in Canada	British Columbia, Canada
Kainantu Employee Trust Ltd.	Trust company	British Columbia, Canada
K92 Holdings International Limited	Holding company	British Virgin Islands
K92 Mining (Australia) Pty Ltd.	Holding company	Australia
K92 Mining Limited	Operating mine company	Papua New Guinea

## Intercorporate Relationships



# OPERATING ACTIVITIES AND SUPPLY CHAIN OVERVIEW

Gold production forms the majority of the Company's revenues. Gold, copper and silver are produced primarily in the form of concentrate, which is then sold pursuant to an offtake agreement with Trafigura Pte Ltd, a multinational commodity trading company based in Singapore. Approximately 10-15% of our total gold production is in the form of doré that is produced by the Company at its operations in Papua New Guinea. The Company uses the services of a refinery in Australia to process the doré to market delivery standards. All copper and silver production is in the form of concentrate, which is also sold pursuant to an offtake agreement with Trafigura.

In FY2023, we spent approximately US\$188.9M on goods and services, approximately 56% of which were procured from Papua New Guinea. During the year, we did not procure any goods or services from the 10 countries listed as "most prevalent for modern slavery risks" as defined in global benchmark reports.<sup>1</sup>

Key goods and services that we procure include:

- Construction and engineering services and materials
- Heavy machinery and equipment
- Energy, fuels and explosives
- Industrial plant equipment
- Grinding media
- Reagents and chemicals
- Concentrate transportation
- General services including catering, agriculture and livestock supply, routine maintenance and landscaping services

# GOVERNANCE, POLICIES AND DUE DILIGENCE PROCESS

Our Sustainability Committee of the Board of Directors has oversight for ensuring that appropriate policies, management systems and personnel are in place to support safe, socially responsible and sustainable business practices. This includes oversight of responsible management of social and human rights impacts of the Company as well as sustainability-related public disclosure requirements, including those related to the Act. This committee's charter was reviewed and revised in early 2024 to enhance the committee's oversight of matters related to our disclosures under the Act. In addition, to support the Sustainability Committee, we have established an internal working group composed of senior corporate and operations leadership, including representatives from key functions such as sustainability, procurement, community relations, human resources and finance.

In FY2023, we focused our due diligence measures related to modern slavery on further embedding responsible business conduct into our key policies and systems. We completed an internal review process of our key policies to help integrate modern slavery considerations into our overall commitments to responsible mining. We also strengthened our standards and procedures to support the implementation of our policies. Our practice is to ensure that policies, standards and procedures are developed in conjunction with external and internal subject-matter experts, including senior management and functional operational leads, as appropriate. Policies that specifically address human rights and the mitigation of forced labour and child labour are available on our public website [here](#), and are summarized below. New policies and procedures will be established when it is considered necessary as an additional preventive step.

Our **Code of Business Conduct and Ethics** sets our expectations for conducting business to the highest standards of ethics, integrity, honesty and accountability. The code applies to everyone working on behalf of our company, including directors, employees and contractors.

Our **Human Rights Policy** outlines our commitment to respecting human rights in line with international human rights frameworks, including the United Nations Guiding Principles on Business and Human Rights. The policy contains a commitment to prohibit forced, bonded and child labour within our direct operations as well as in our supply chains.

Our **Supplier Code of Conduct** (the "**Supplier Code**") was developed in FY2023 and adopted in 2024. The Supplier Code defines our expectation that our suppliers respect and adhere to our core values. Suppliers are required to comply with our Supplier Code as a condition of doing business with the Company.

Our **Whistleblower Policy** provides mechanisms for anonymously reporting any potential cases of misconduct or fraud related to the Company's activities. To ensure awareness of this policy, a copy of it is distributed to all affected personnel and is posted on the Company's [website](#).

Our **Anti-Bribery and Anti-Corruption Policy** is intended to ensure that the Company, together with its directors, officers, employees, consultants and contractors, conducts business honestly and ethically, reflecting the highest standards of integrity, and in compliance with all relevant laws and regulations.

We will continue to review the adequacy of our policies and procedures at least annually. Whenever significant changes are made to the policies, they are communicated as applicable.

<sup>1</sup> See the Walk Free Global Slavery Index summary available at <https://www.walkfree.org/global-slavery-index/>.

To further embed responsible business conduct into our policies and systems, we have developed additional standards and procedures that relate specifically to modern slavery. Our Employment Standard, which includes a provision prohibiting the direct employment of anyone under the age of 18 years, was adopted in 2024. Identity verification in Papua New Guinea can present a challenge due to the lack of formal identification among a significant proportion of the country's population, and we therefore apply multiple tiers of identity verification steps tailored to the local context.

In addition to our whistleblower mechanism, we maintain a site-level grievance process that provides local communities and stakeholders with a culturally appropriate way to submit potential concerns to the Company. A key method by which grievances are relayed to the Company is through our village-based community liaison officers, who maintain a regular presence in local communities within the vicinity of the Kainantu Gold Mine. The accessibility of these liaison officers enables the timely resolution of issues, and supports two-way feedback between local communities and the Company.

## RISK ASSESSMENT AND MANAGEMENT

In FY2023, we focused our modern slavery risk assessment and risk management efforts on our direct operations and contractors in Papua New Guinea, given that approximately 95% of our workforce is based in Papua New Guinea and the country has been identified as a high-risk jurisdiction for modern slavery<sup>2</sup>.

The risk of child labour within our direct workforce is low since most positions in the Company require specialized skills and knowledge that are carried out by highly trained and qualified individuals. We maintain a Human Rights Policy and an Employment Standard, the latter of which prohibits the employment of anyone under the age of 18 years. Our Employee Records Procedure supports the implementation of these policies, which will be included in our Human Resources auditing program.

The agriculture and livestock sectors have been identified as a higher risk sector for child labour within our supply chain in Papua New Guinea.<sup>3</sup> We source a significant amount of our agriculture and livestock supply for our camp facilities from suppliers based in the country, including from local farms within the vicinity of the mine. We recognize that there are activities, such as assisting in a family business or farm, that can contribute to children's development and to the welfare of their families. Such activities, when not deemed as child labour, can provide skills and experience and help people prepare to become productive members of society during their adult life<sup>4</sup>. We recognize the importance of child education, and our community programs have a strong focus on education. We accordingly invest in a variety of local educational programs to encourage youth education.

In FY2023, we provided 43 scholarships to local students, provided tuition support for our employees' dependents through an enrolment fee matching program, and provided support for school infrastructure provision.

Local contracts for work, such as routine maintenance and landscaping services, may carry a risk for child labour. The contracts for field-level work are typically assigned to local landowners who may have less robust administrative and management systems related to hiring and payment of wages compared to more established contractors.

Our risk management processes in FY2023 included identifying, evaluating and addressing social and environmental risks and opportunities on a regular basis. We will continue the ongoing assessment of modern slavery risks to help inform our risk mitigation strategies going forward.

## EFFECTIVENESS ASSESSMENT AND REMEDIATION

We assess our effectiveness in mitigating modern slavery risks through regular audits of our performance against our Company policies and Employment Standard, as well as implementation and monitoring of our internal procedures. We are now including our Employment Standard and employment procedures as part of our Human Resources auditing program, and we keep comprehensive training records, which will help to ensure that our employees and contractors are aware of our policies and commitments related to the prevention of modern slavery risks.

In FY2023, we conducted routine monitoring of our whistleblower and grievance mechanisms. In FY2023, there were no complaints related to modern slavery reported through these channels. We did not take any remediation measures related to forced or child labour, nor did we identify any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

Our policies related to forced and child labour risks in our activities and supply chains were reviewed by the Board of Directors in FY2023 and will be further reviewed on at least an annual basis. New policies and procedures will be established as necessary.

If the Company is informed of, or discovers, the potential for or the confirmed presence of forced or child labour in its supply chains, we will investigate and take the appropriate remedial measures.

<sup>2</sup> See the Walk Free Global Slavery Index 2023 at <https://cdn.walkfree.org/content/uploads/2023/05/17114737/Global-Slavery-Index-2023.pdf>.

<sup>3</sup> See the U.S. Department of Labor's 2022 Findings on the Worst Forms of Child Labor – Papua New Guinea at [https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2022/Papua-New-Guinea.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2022/Papua-New-Guinea.pdf).

<sup>4</sup> See International Labour Organization Convention 138 Convention C138 - Minimum Age Convention, 1973 (No. 138) ([ilo.org](https://www.ilo.org))

# TRAINING

In FY2023, we continued to maintain training programs related to our Company-wide policies. Going forward, our Company policies are being integrated into Safetrac, a third-party, company-wide compliance training platform.

Two new training modules are being developed through Safetrac that relate specifically to modern slavery. This includes a human rights training module as well as a module related to forced and child labour. This Safetrac training will be mandatory for employees from front-line management through to the Board of Directors and will be expanded to our key contractors. Employees will be required to attest to completing and understanding key policies through the training platform on a bi-annual basis.

We are also enhancing our internal communications measures to build awareness around our commitments to mitigating modern slavery risks in our direct operations and supply chains. This will include providing site-wide communication notices (each known locally as a “Toksave”) as well as posting key Company policies throughout the mine site on department bulletin boards. A centralized, online platform is being developed for employees to easily access all Company policies and procedures.

We will continue to roll out our training and awareness initiatives related to modern slavery risks across the Company on an ongoing basis.

## REPORT APPROVAL AND ATTESTATION

This report was approved by the Board of Directors of K92 Mining Inc. on May 22, 2024, pursuant to paragraph (4)(a) of Section 11 of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

**I have the authority to bind K92 Mining Inc.**



John D. Lewins  
Chief Executive Officer and Director  
May 22, 2024



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