

## SUPPLY CHAIN AND LOCAL PROCUREMENT

From exploration to closure, the Company procures a diverse range of goods and services which include heavy equipment, process chemicals, fuel and oils, explosives, equipment parts, and professional services. Our corporate and site Supply Chain departments work with suppliers and contractors based on the principles of long-term partnership, fair competition, and ethical conduct. We apply pre-qualification and tendering processes and procedures, commercial terms and conditions and ongoing oversight to monitor the business practices of suppliers and contractors.

As part of our commitment to human rights and ongoing efforts to improve supplier management, we have implemented a Supplier Code of Conduct that was reviewed by general managers and Executives and approved by the B2Gold Board. It outlines our expectations that suppliers act in accordance with our corporate commitments in their management of health and safety, labour and human rights, the environment, business conduct and ethics, and socio-economic development. In 2019, the Supplier Code of Conduct was provided to all existing suppliers. By the end of 2019, 66% of all active suppliers had signed the Supplier Code of Conduct. Specific content related to contractor employee grievance mechanisms was also added to all contracts in 2019.

Our corporate Supply Chain team continues to work with Corporate and site Corporate Social Responsibility (CSR), Legal, Environment, Human Resources (HR), and Health and Safety teams on implementation of the Supplier Code of Conduct, with an initial focus on contractors. In 2019 an assessment was conducted to determine how to integrate the Supplier Code of Conduct with existing steps in the contracting process. Guidance material was developed to support sites in ensuring that contractors are assessed against the Supplier Code of Conduct. Through a self-assessment tool, contract and supplier-related risks are identified and managed, relevant content is included in contracts, and performance is tracked and assessed. Work will continue in 2020 to update systems and processes. The measures taken to implement the Supplier Code of Conduct will augment existing systems and practices for managing contractor-related risks, including health and safety and environmental risk management processes, and human rights assessments.

In 2019, B2Gold conducted a review of the recommendations from the human rights assessments conducted in Mali, the Philippines, Namibia and Nicaragua over the past three years (see page 88), which included several risks related to on-site contractors. Significant risks had been addressed, including those related to housing for contractor employees and timely payment of salaries. The risks for forced or child labour and human trafficking were considered in the human rights assessment; no significant risks were identified.

Issues related to contractor behaviour such as safe driving and working conditions, and ensuring fair wages were raised through community grievance mechanisms at both Nicaraguan mines in 2019 and were addressed through regular engagement and review (see page 101).

## LOCAL PROCUREMENT

B2Gold is committed to maximizing local and national economic benefits from our contracting and purchasing. We are aware of the high priority that host governments and communities place on local procurement benefits. In sourcing the goods and services necessary to run our operations, we give preference to local businesses where possible, provided they meet minimum safety, quality, ethical, and cost requirements. Our Local Content Performance Standard defines the minimum requirements for enhancing local procurement opportunities and benefits. Supply Chain and Community Relations departments coordinate to build the capacity of local suppliers and small businesses, either directly or through service providers, and track our performance regarding local procurement.

In Mali, efforts are made to purchase materials and services from contractors from the local district first, and also from within Mali. The bulk of construction material for the resettlement of Fadougou village was purchased in-country, and all infrastructure for community projects is constructed by local suppliers. Support is provided to local suppliers by the AFECK project (see story on page 30), our Supply Chain, and other departments.

In Namibia, preference is given to suppliers from local regions, and suppliers owned by previously-disadvantaged persons. Large contractors are encouraged to sub-contract to local suppliers. In 2019, three new contractors were brought on board from local communities. Support is provided to local small businesses to formalize and meet regulatory requirements, including through a Namibian NGO that provides support services to small businesses.

At the Masbate Mine in the Philippines, almost all site construction is done by Filipino contractors. The work ranges from site infrastructure such as offices and shops, completed by small local contractors, to two stages of mill expansion at the site, which was done by a contractor based in Manila. These contractors use exclusively Filipino labour, roughly 60% of whom are from Masbate Province.

Construction materials are sourced locally when possible, and if not, national suppliers generally are able to fulfill the requirement. Materials manufactured or fabricated in-country include structural steel, steel tankage, plate steel and HDPE pipe. The 400-person site security contractor is a Filipino corporation, almost all of whose employees are locals from Masbate Province. The camp support contractor that supplies all catering and housekeeping is Philippine-based, and 100% of its workforce is from Masbate Province; made possible by training programs sponsored by the Mine to enhance the skills and capabilities of local employees.

**OUR LOCAL CONTENT PERFORMANCE STANDARD DEFINES THE MINIMUM REQUIREMENTS FOR ENHANCING LOCAL PROCUREMENT OPPORTUNITIES AND BENEFITS. SUPPLY CHAIN AND COMMUNITY RELATIONS DEPARTMENTS COORDINATE TO BUILD THE CAPACITY OF LOCAL SUPPLIERS AND SMALL BUSINESSES, EITHER DIRECTLY OR THROUGH SERVICE PROVIDERS, AND TRACK OUR PERFORMANCE REGARDING LOCAL PROCUREMENT.**

At both mines in Nicaragua, a purchasing procedure promotes local procurement as part of B2Gold's commitment towards community development. It is common practice to unbundle larger contracts to enable and hire local businesses, and contractors are verbally requested to give preference to local suppliers. El Limon Mine has developed a Local Procurement Plan through coordination between the HR, Community Relations, Supply Chain and Legal departments. Actions to build local suppliers' capabilities and improve their competitiveness include providing low interest loans for new infrastructure, equipment or tools, and donating supplies. Both El Limon and La Libertad mines assist local suppliers to access the tendering process.

