

MKS PAMP SA
C/O Marwan Shakarchi
Promenade Saint Antoine 10
Case Postale 3470
1211 Geneva 3

Geneva, 28 March 2024

Independent assurance report on MKS PAMP SA's LBMA/LPPM/OECD Compliance Report 2023

Scope

We have been engaged by MKS PAMP SA to perform a “limited assurance engagement”, as defined by International Standards on Assurance Engagements, hereafter referred as to the engagement, to report on MKS PAMP SA’s LBMA/LPPM Responsible Sourcing Guidance and OECD Due Diligence Guidance for Responsible Supply Chain of minerals from conflict-affected and high-risk areas Compliance Report 2023 dated 15 February 2024 for the reporting period from 1 January to 31 December 2023 (the “Compliance Report”).

Criteria applied by MKS PAMP SA

In preparing the Compliance report, MKS PAMP SA applied the **LBMA Responsible Gold Guidance**, the **LBMA Responsible Silver Guidance**, the **LPPM Responsible Platinum & Palladium Guidance** and the **OECD Due Diligence Guidance** (altogether the “Guidance”).

MKS PAMP SA’s responsibilities

MKS PAMP SA’s management is responsible for the preparation and presentation of the Compliance Report in accordance with the Guidance, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Compliance Report and that reported information is derived and includes conformance with Steps 1 to 5 of the Guidance. The criteria identified by the management as relevant for demonstrating compliance with the Guidance are the activities described within the Compliance Report.

EY’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Compliance report based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (‘ISAE 3000’), and the terms of reference for this engagement as agreed with MKS PAMP SA on 9 October 2023. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Compliance Report in order for it to be in accordance with the Guidance, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material

misstatement, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on *Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of the procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Compliance report and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ Enquiries of management to gain an understanding of MKS PAMP's processes and risk management protocols in place;
- ▶ Discussions with MKS PAMP's management, compliance, safe and operations team on the content of the report and various supply chain due diligence processes in place;
- ▶ Site visit to the refinery to evaluate if the management system is in place as described in the Refiner's Compliance Report;
- ▶ Review of policies, procedures and internal controls that MKS PAMP has in place to conform with the Guidance;
- ▶ Testing, on a sample basis, of account opening procedures and due diligence conducted before engaging with a potential precious metal supplying counterparty;
- ▶ Testing, on a sample basis, of transactions to evaluate if due diligence processes are being followed;
- ▶ Obtaining and considering evidence to support the assertions and claims made in the Refiner's Compliance Report;
- ▶ Review the statements made by the management in the Refiner's Compliance Report as compared to the findings arising from the above procedures performed;
- ▶ Review of the Compliance Report.

We also performed such other procedures as we considered necessary in the circumstances.

Opinion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to MKS PAMP SA's Compliance Report for the period from 1 January to 31 December 2023, in order for it to be in accordance with the *Guidance*.

Ernst & Young Ltd

Partner

Senior Manager

Enclosure: Copy of the Compliance Report dated 15 February 2024



MKS PAMP

**MKS PAMP SA LBMA/LPPM
Responsible Sourcing Guidance
and OECD Due Diligence Guidance
for Responsible Supply Chain of minerals
from conflict-affected and high-risk areas
Compliance Report for the year 2023**



MKS PAMP

Introduction

MKS PAMP SA (The Company), Geneva, Switzerland, a subsidiary of MKS PAMP Group Ltd (UK), is active in the sourcing, trading, transformation and manufacturing of precious metals and operates an accredited London Bullion Market Association (LBMA) / London Platinum and Palladium Market (LPPM) Good Delivery refinery located in Castel San Pietro, Ticino, Switzerland.

The *LBMA Responsible Gold and Silver Guidance* (RGG and RSG) as well as the *LPPM Responsible Platinum and Palladium Guidance* (RPPG) have been established for Good Delivery Refiners to adopt high standards of due diligence to combat systematic or widespread abuses of human rights, to avoid contributing to conflict and to comply with high standards of anti-money laundering (AML) and to combat terrorist financing practices. The RGG, RSG and RPPG are the Industry Programs for precious metals refiners to implement the OECD Due Diligence Guidance for Responsible Supply Chains of minerals from conflict-affected and high-risk areas (OECD Guidance) and are based on the five steps framework of this guidance. In addition, these industry programs have extended their scope from the OECD guidance to recognise the importance of addressing environmental and social responsibilities, and AML in order to operate in a responsible way.

MKS PAMP SA has implemented the RGG and the OECD Guidance on all precious metal sourced since 2012. As the Company fully complies and is audited for its compliance with the OECD Guidance, including its Gold Supplement, we are exempted from the specific due diligence and reporting obligations relating to minerals and precious metals from conflict affected and high-risk area of the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected and Child Labour (DDTrO) (art 9 DDTrO). Regarding child labour, we comply with the due diligence and reporting requirement of the DDTrO.

The Company is regulated since Summer 2023 by the Swiss Precious Metal Control Office (previously by a self-regulatory organisation approved by the Swiss Financial Market Supervisory Authority) for its compliance with the Swiss Anti Money Laundering Act and the Swiss Precious Metal Control Act. As such, we are audited on a yearly basis to assess our compliance with the Swiss AML regulation, including processes and due diligence carried out as well as monitoring of relationships and transactions.

Supply chain due diligence has always been a key focus for the MKS PAMP GROUP and we strive to continuously improve our processes and practices as well as leading the industry to further enhance due diligence standards and practices as well as their scope.

The MKS PAMP GROUP operates two refineries and leads by example by committing to:

- Making Responsible Sourcing a central tenet of its Group policies and operating procedures.
- Strictly applying those Responsible Sourcing guidance to all its refineries and Group companies which are involved in the precious metal business.
- Applying the most stringent guidance, the LBMA RGG, to all precious metals sourced.



MKS PAMP

As a result, all precious metals material sourced by MKS PAMP SA for itself or for its sister company MMTC PAMP India Private Limited, in India, fully comply with the requirements of the LBMA RGG and RSG, the LPPM RPPG and the OECD Guidance.

We source precious metals from both recycled and mined supply chains in over 40 countries. The percentage of mined gold¹ sourced is almost equivalent to the percentage of recycled gold² sourced. For mined material, we predominantly source from large-scale well-established industrial mines located in Europe, North America, South America, Africa and Asia. Over the past years, we have been able to extend our sourcing to responsible small-scale industrial and artisanal operations in South America and Africa, and to support continuous improvement of social and environmental practices of those mining operations. Regarding recycled materials, we source predominantly from industrials, manufacturers, precious metals wholesalers and dealers, and banks in Europe, North and South America and Asia.

Compliance with LBMA, LPPM and OECD Guidance is part of our broader ESG approach to uphold and effectively advance industry standards to maximize our positive impact on stakeholders. In 2023, we continued on our GHG emissions measurement and reductions journey by publishing effective results against our SBTi reduction targets. To date, all MKS PAMP GROUP refineries (MKS PAMP & MMTC-PAMP) have science-based emissions reduction targets approved by the SBTi. We are the only precious metals refiners with this accreditation. MKS PAMP SA is also the first-in-the-industry to have unveiled a portfolio of carbon measured and compensated precious metals products which has been certified by the Carbon Trust, a global climate change consultancy. All of our ESG commitments and actions are presented in yearly ESG reports to ensure transparency with our stakeholders. The Group' ESG team is responsible to monitor the achievement of our commitments.

MKS PAMP SA is the only refinery to have joined the Swiss Boards for Agenda 2030 (SBA2030). It is an alliance of Swiss CEOs and Board Members committing their company to a high level of board accountability to drive sustainability. Our by-laws have been changed to include sustainability commitment.

¹ As per OECD Guidance definition

² As per OECD Guidance definition



Table 1: Company's details

Company name	MKS PAMP SA
Location	Head office at Promenade St-Antoine 10, 1204 Geneva, Switzerland Refining and manufacturing factory at 6874 Castel San Pietro, Switzerland
Reporting period	January 1 st 2023 to 31 December 2023
Precious metals in the scope of the LBMA/LPPM/OECD Responsible Sourcing audit	Gold, Silver, PGMs
Date of Report	15 February 2024
Report approved by the board of directors	Marwan Shakarchi, Chief Executive Officer

This report summarizes how MKS PAMP SA has complied with the requirements of the 5 Steps of the RGG, RSG and RPPG and the OECD Guidance during the year 2023 for all types of precious metals sourced.

MKS PAMP SA's evaluation

Step 1: Establish strong company management system

We have fully complied with Step 1; establish strong company management systems.

Responsible sourcing policy

Our Responsible Precious Metals Group Policy is fully compliant with the model set out in the Annex II of the OECD Guidance. Our policy sets out our responsibility to establish strong company management systems to:

- avoid risks of significant adverse impacts that may be associated with the extracting, trading, handling and exporting minerals as per Annex II of the OECD Guidance; i.e. risk of conflict financing, contribution to serious human rights abuses, money laundering and mineral fraud.



MKS PAMP

- mitigate a broader set of risks; including environmental, social and governance (ESG) risks (refer to Step 2).
- **not tolerate** in our group nor in our precious metal supply chain the employment of children, in conformity with the ILO convention 138.
- strictly adhere to applicable local and international sanctions including Swiss, UN, EU, UK and US.
- strictly commit to make and receive payment for precious metals only through official banking channels.

Our Responsible Precious Metal Group Policy is approved by the MKS PAMP GROUP board of directors, reviewed each year and updated when circumstances require. The current version of this group policy and guidance has been approved by the group board of directors in August 2022.

In addition, during the year we revisited our company AML-CFT, Responsible Sourcing and Sanctions policy in order to reflect the modification of the Swiss AML act and the new LBMA RGG v9 requirements. This policy has been approved by our MKS PAMP SA board of directors in March 2023.

These policies are communicated to all our employees and are available on our Intranet. Our MKS PAMP GROUP Responsible Precious Metal Group Policy is publicly available on our website and this policy, or the OECD Annex II policy is part of our commercial agreements with all of our precious metals counterparties.

Internal Management structure to support supply chain due diligence

Responsibilities

Responsibilities and roles within our operations have been appropriately defined in order to support responsible sourcing. The Board of directors retains the ultimate control and responsibility for combating serious human rights abuses, money laundering, terrorist financing, avoiding contributions to conflict as well as addressing environmental and sustainability responsibilities over the supply chain. The Board of directors has delegated the operational responsibilities over the supply chain to the Chief Executive Officer (CEO). The CEO supervises the Compliance Team composed of three highly experienced employees, who have been assigned to manage the process. The Compliance Team is as well supported by an onboarding Team of two employees. In case of opinion divergence with the CEO, the Compliance Team has a direct reporting line to the independent members of the Board of directors. Relationship Managers and the onboarding team are the first line of defence regarding responsible sourcing.

Compliance Department

The Compliance Team manages all matters regarding anti-money laundering, combating terrorism financing, avoiding contributions to conflict, fighting serious human rights abuses, and addressing social, environmental and sustainability responsibilities over the supply chain.

In particular, the Compliance Team is responsible of the following:



- Review and assessment of the counterparty due diligence prepared by the Relationship Managers and their support teams. Additional documentation, information or clarification is required when and if necessary. When the Compliance Team is satisfied with the due diligence conducted, the account opening is submitted to two members of the Executive Management Committee for final approval.
- Performance of periodic and event-driven reviews of counterparty's due diligence files.
- Supervision of the internal training program on AML-CFT and responsible sourcing.
- Preparing and updating the AML-CFT and responsible sourcing internal policies.
- Reporting comprehensive information to Senior Management and Board of Directors in order for them to perform their duties, including provision of:
 - Quarterly update to the Board of Directors on any relevant compliance matter;
 - Annual Compliance Management Information reporting on new accounts, type of supply chain, supply chain monitoring, on-site visit, training and grievance/query. Such reporting includes Key Performance Indicators on effectiveness and performance of supply chain management system;
 - Annual reputational risk assessment (incl. typology and number of high-risk counterparties)
- Supporting the business lines in all matters regarding AML-CTF and responsible sourcing
- Decision in agreement with Senior Management of the reporting of suspicious transaction and the freezing of assets in compliance with local regulation.

The Compliance Team has adequate resources to perform its mission and is sufficiently staffed.

Compliance culture and training

Through our Company values, we maintain a robust Compliance culture in which all employees recognise their personal and collective responsibility. Such culture has been further fostered by establishing an extensive communication between the Relationship Managers, the Compliance Team and the Senior Management through meetings, trainings and regular pre-onboarding meetings where all actors share their respective expectations. MKS PAMP SA also relies on the broad expertise and knowledge of Relationship Managers to perform an initial assessment of prospects and eliminate those not meeting our expectations at a very early stage of the onboarding process.

The training program, which is a critical component of our responsible sourcing program, includes face to face or video conference training sessions organized internally or externally.

During the year, the Compliance Team has organized three trainings session on responsible sourcing to support our employees in the identification and assessment of the risks. All of the employees subject to such training have undertaken at least one of those sessions. Our training program was as well reinforced with online training sessions focusing on AML and responsible sourcing.

All members of the Compliance Team attended at least one external responsible sourcing seminar and one AML training in order to maintain their responsible sourcing competences.



Due diligence issues identified over the course of a relationship are escalated to the Compliance Team and Senior Management, as required.

During 2023, no material violations of the internal due diligence process have been identified and escalated, and no internal sanction were reported. Due diligence in compliance with LBMA/LPPM responsible sourcing standards and OECD guidance has been conducted on all our counterparties; no exception has been reported during 2023.

System of transparency, information collection and control over the precious metal supply chain due diligence

MKS PAMP SA has implemented the following systems to support precious metals supply chain due diligence:

- *Due diligence checklists and toolkits*: continuously reviewed and amended as circumstances require.
- A *Customer Relationship Management (CRM) system* developed to enhance the digitalisation steps on due diligence documentation and streamlines the different steps of on-boarding and approval process. When the due diligence is finalized and any required clarification obtained, electronic approval is given by the Compliance Team and by two members of the Executive Management Committee in this system.
- An *Automated Counterparties Screening Tool* that screens daily all our counterparties, authorised signatories and ultimate beneficial owners against Worldcheck. Any hits generated are reviewed daily by the Compliance Team.
- A *Traceability system database* that records each step of the process from the reception of the material to the finalization of the refining process. During the year, we migrated to a new traceability system to further strengthen internal control and increase scalability through automation. This database records supply chain information and documents for each lot sent for melting or refining to the MKS PAMP GROUP refineries with a unique identification number allocated. For each lot, the system captures data covering:
 - Counterparty with the risk level of the supply chain
 - Country of origin of the precious metal
 - Type of material (i.e. mined / recycled)
 - Subcategory of the material (e.g. Large scale mine / ASM / LBMA bullion / Non LBMA bullion / rudimentary bars / jewellery / industrial or electronic waste). The recording of the subcategory of the materials was implemented at the end of 2022 and has permitted to enhance the transparency and strengthen the monitoring of transactions.
 - Date of receipt
 - Purity and weight
 - Shipping documents (e.g. airwaybills, packing list, pro-forma invoice, import and export forms)
 - Pictures taken at reception



- Assay and refining finalization.

As required by our internal guidelines, these transactional documents recorded in this system are received and verified by the Operations Team before the reception of the precious metals. Control of the conformity of the material received with the shipping document, such as the packing list, is performed at reception of the precious metal at the plant. The Compliance Team performs a second level control to ensure that the material received is in line with expectation, such as for example the type of material received. In addition, shipments coming from conflict affected area and high-risk countries are flagged in our traceability system. Furthermore, the system generates alerts depending on specific scenarios defined, such as discrepancies in weight or purity. Alerts are reviewed and analysed by the respective teams in charge.

In addition, in the majority of cases, we manage the transport of the material from the source, which enables us to even further control the traceability of materials.

- The ERP system, which manages as well the masterdata, requires electronic approval by Compliance for the creation of any new counterparty, which is given when a counterparty is approved in the CRM. Any change of key information about a counterparty in the ERP require as well the approval of Compliance Department.
- Provenance™ solution is a cutting-edge segregation and traceability solution that provides our customers a full physical traceability from the source, throughout the refining process and down to the product they receive. This solution utilizes the blockchain technology to track & trace the global precious metal supply chain, from source to end-product. In addition, our VERISCAN app enables the authentication of our products with a simple scan and permits users to consult the blockchain based Provenance information directly from their phone.

Record keeping

After the termination of a business relationship or after completion of a transaction, supply chain and transactions records are kept for 10 years.

Payment through banking channels

MKS PAMP SA bans all cash transactions regardless of the amount and therefore all currency and metal payments are made through international banking channels. Payments are made on the bank account opened in the name of our counterparty. We have therefore a policy restricting the execution or receipt of third-party payments. The Compliance Team and Treasury Team approve all standard settlement instructions in the ERP system and therefore ensure full compliance with this policy.



MKS PAMP

Engagement with precious metal suppliers

We only seek long term relationships based on trust and mutual transparency. Therefore, we never accept one off transactions. For sourcing from large/medium scale mine, we do not use intermediaries. Our common approach is to source directly from the mine in order to have a direct access to the key stakeholders to strengthen the due diligence process. This approach allows as well to easily identify all counterparties throughout the supply chain. In the case of artisanal and small-scale mining, we may however source from aggregators due to volume constraints. Enhanced due diligence is made on these aggregators and on the artisanal mining operations.

Our responsible supply chain expectations are an integral part of our Refining Agreement: it specifically refers to and includes our Responsible Precious Metal Group Policy or the policy in Annex II of the OECD Guidance.

Where possible, we assist our precious metals supplying counterparties or prospects and encourage them to improve their responsible supply chain practices. In particular, our Relationship Managers, who are regularly trained, are responsible for promoting responsible sourcing practices throughout the supply chain. Therefore, they take advantage of each on-site visits to explain the regulatory environment, our expectations, best practices seen in the industry and provide our counterparties with help or guidance advising them to continuously improve their own practices and where applicable, obtain independent certification of their practices. For example, our Relationship Managers promote the application of the International Cyanide Management Code or the UN Voluntary Principle on Human Rights to mining supply chains that are not yet compliant and recommend them to measure and reduce their carbon footprint. During these visits and whenever relevant and possible, we meet with local mining and environmental agencies and local not-for-profit associations. In addition, whenever possible and especially for ASM supply chains, we introduce our counterparties or prospects to not-for-profit associations supporting improvements of social and environmental practices.

Regarding our counterparties being intermediate refineries (non LBMA/LPPM refineries), we require them to join an industry program applying the OECD guidance and, counterparties sourcing from intermediate refineries were made aware of our requirement to obtain an OECD Guidance equivalent audit of the refinery if they wanted to provide us such materials.

Payment to Government

During the reporting period, we have not made payment to Governments or state-owned entities related to the purchase of mined precious metal sourced from them. However, we have sourced gold doré from a mine in Azerbaijan, where the mine has signed a production sharing agreement with the government. On this basis and as determined in the agreement, the Government is entitled to receive a defined percentage of the precious metal produced. The amount paid in 2023 to the government is USD 15'481'287.



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Grievance mechanism

MKS PAMP SA has put in place an accessible, independent, respectful and transparent grievance mechanisms through the following e-mail address: **responsiblepm@mkspamp.com** allowing any employee, supply chain actor or stakeholder to voice confidentially and without any fear of reprisal any concerns over the supply chain or any newly identified risk. All relevant grievances (including anonymous ones) are treated directly by the Compliance Department. This mailbox address is available on our Precious Metal Policy, on our website and systematically communicated during internal trainings. Grievance cases are reported in the quarterly compliance update shared with the Board of Directors.

Our grievance mechanism is currently under review in order to further strengthen the process by including an independent party in the collection of the grievances.

During 2023, we have not received any direct grievance through our grievance mechanism nor through the LBMA.

We have however received a grievance through a media enquiry about the New Liberty mine in Liberia for alleged water pollution caused by cyanide and copper. This mine was already under close monitoring subject to an enquiry back in 2021 by the LBMA for a grievance received from an NGO related to community complaints. Regarding the water pollution allegation, based on our new site visit conducted in July 2023, clarification received from the mine, including quarterly results on water samples taken by an independent accredited laboratory confirming the compliance with the permit related to dewatering & effluence discharge for cyanide and copper, we decided to continue sourcing from this mine. Last year, in order to resolve the complaints from the communities, the mine participated with the communities in a government led mediation which has been finalized. In addition, we encouraged the mine to enter into an independent mediation process with the communities, supported by civil society, which is still ongoing. We continue to actively engage with the mine to raise the importance of being part to such independent mediation process.

In January 2024, we received another grievance through media relating to the Gedabek gold mine in Azerbaijan held by Anglo Asian Mining, London. The local community protested in Summer 2023 against the mine's new tailing facility (TSF) project and allegations of water pollution were also made. The protest outside the mine's perimeter by the community has been subject to alleged excessive use of force by the local police force. Following the protests, the mine partially suspended its operation to undertake a Health, Safety and Environmental due diligence review of the tailings management by an independent consulting firm. [Anglo Asian Mining published the main results of the assessment done by the consulting firm, refer to statement](#). In particular, the report concluded that the opposition to the new tailings storage facility was the result of a lack of proactive communication by the mine with the local community, longstanding issues regarding land allocation and mineral rights, and the failure to follow accepted international protocols for public consultation, rather than a fundamental technical problem with the current tailings storage facility or the proposed location for the new tailings storage facility. The mine is following the recommendations made by the independent expert, including the establishment of a community relation officer as well as reassessing its plan for a new TSF. Regarding the alleged excessive use of force by the police outside the mine concession, we consider it is outside of the mine's scope of responsibility as the mine does not control the behaviour of such organization. Based on the clarification obtained, we decided to continue sourcing from this mine. We are actively monitoring the situation,



including the implementation of the key recommendations and will reassess our decision if new information emerges.

Step 2: Identify and assess risks in the supply chain

We have fully complied with Step 2: Identify and assess risks in the supply chain.

Risk identification

MKS PAMP SA identifies and assesses risks in the supply chain. The risks assessed as part of our due diligence procedures are the following:

- Systematic or widespread human rights abuses associated with the extraction, transport or trade of precious metals, including worst forms of child labour, any forms of torture, inhuman and degrading treatments, widespread sexual violence or other gross human rights violation forced or compulsory labour, war crimes, crimes against humanity or genocide;
- Direct or indirect support to illegitimate non-state armed groups, public or private security forces which illegally control mines sites, traders, other intermediaries, transport routes through the supply chains or illegally tax or extort money or minerals through the supply chains (“illegitimate non-state armed groups, public or private security forces”);
- Child labour;
- Bribery and fraudulent misrepresentation of the origin of precious metals;
- Non-compliance with taxes, fees and royalties due to Governments related to mineral extraction, trade and export from conflict affected and high-risk areas;
- Money laundering or terrorism financing;
- Contribution to conflict;
- Sourcing from illegal mining;
- Non-compliance in the primary supply chain with environmental, health & safety and labour regulation in country of operation;
- Adverse ESG impact in primary supply chain.

We conduct due diligence following a risk-based approach and have established criteria for high-risk categories and systematically apply them to all our precious metal supplying counterparties. A risk assessment to identify the risk classification of the counterparty is conducted before entering into any business relationship with a precious metal supplying counterparty.

Supply chains are assessed as high-risk due to their location in high-risk areas (location risk), due to the profile of the supply chain (product risk) or counterparty type. Reliable external data or indexes are used to determine high risk areas which are reviewed on an annual basis.



Indexes/data used to determine high risk country:

LOCATION RISK	FATF lists	Section 1502 Dodd Frank Act
	EU CAHRAS	Conflict gold transit zone identified by UN
	Heidelberg Conflict Barometer	Fragile State Index
	UNICEF children rights in workplace index	Cato Institute Human Freedom Index

Criteria to determine high risk counterparty:

COUNTERPARTY RISK	Non-LBMA refinery	Unexplained geographic routing
	High-risk business	Offshore company
	Sourcing from CAHRA	Politically Exposed Persons (PEP)

Criteria used to determine high risk product:

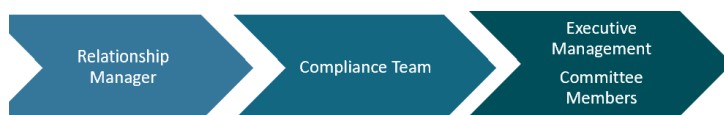
PRODUCT RISK	Artisanal Mining	Use of mercury
	Mine with highly adverse ESG factors	

The due diligence toolkit has been developed to capture relevant information required to assess all risks described above. Our due diligence toolkit has been further enhanced by including a new risk assessment template to better formalise our risk analysis. Risk classification is determined by the Relationship Manager based on our high-risk criteria and reviewed, assessed, and validated by the Compliance Department. The Compliance Department has the power to determine a relationship as high-risk even if no high-risk criteria defined in our policy are met. Risk level and risk assessment is documented directly in our CRM and approved by Compliance before final approval by two members of the Executive Management Committee. Risk is reassessed at periodic and event-driven review of the due diligence file.

Due diligence

Supply chain due diligence on a risk-based approach is performed before entering into a business relationship and on an on-going basis with any precious metals supplying counterparty in order to identify and assess the risk described above. Due diligence procedure conducted are different based on the type of supply chain (large scale mine/ ASM/ recycled precious metal) and the type of counterparty (listed group, small private companies). All our counterparties and their ultimate beneficial owners are also screened at onboarding and on a daily basis against external databases.

All our supply chain goes through a three steps approbation process:

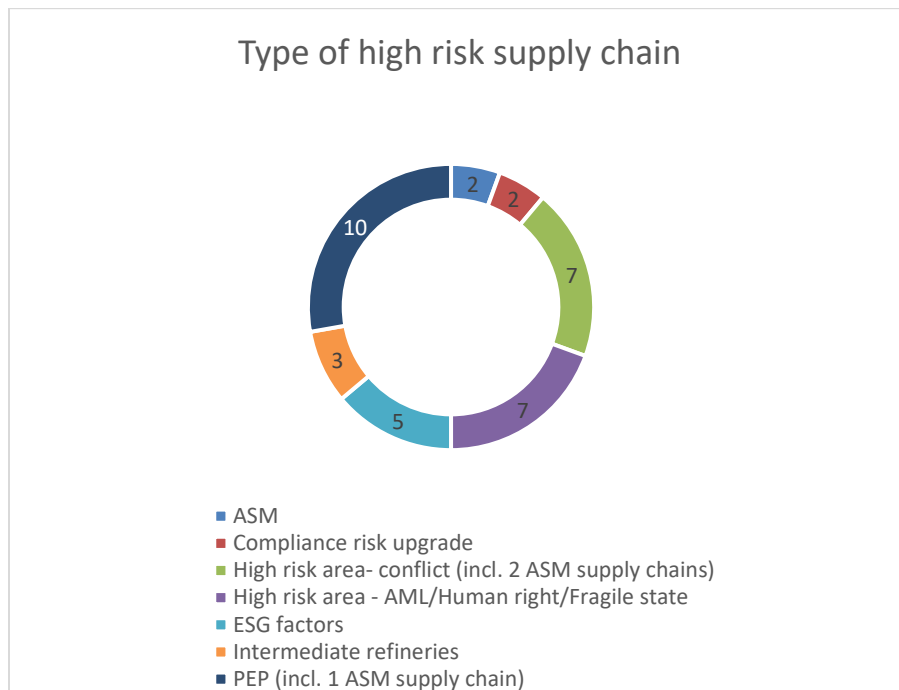




Enhanced due diligence

We also perform enhanced due diligence in compliance with LBMA/LPPM Responsible Sourcing Guidance and OECD Guidance for higher risk categories. For the year 2023, about 40% of our upstream supply chain was categorized as high inherent risk, mainly resulting from the location of the mining operations in a high-risk country or because an authorised signatory or an ultimate beneficial owner had political exposure (incl. role as board member of a State-owned entity). The remaining relationship classified as high risk are due to the following factors:

- Sourcing from artisanal or small scale mine
- ESG factors
- Intermediate refineries without having finalized their equivalent OECD audit or with material non-conformance.
- Compliance risk upgrade



Relationships considered as high-risk are reviewed annually and submitted to two members of the Executive Management Committee to revisit the decision as to whether continue with these business relationships. The Compliance Team prepares on a yearly basis a report on high-risk suppliers in order for them to perform their duty. Non-high-risk relationships are also reviewed on a periodic basis by the Compliance Department. In addition, every relationship is reviewed on an event trigger basis, such as a change of ownership, negative news identified or change in the supply chain.



% of high risk supply chain reviewed during the year as per periodic review	% of nonhigh risk supply chain reviewed during the year as per periodic review
100%	16%

In compliance with the LBMA responsible program, all our high-risk supply chains are visited, including artisanal mining operations. In addition, we aim to visit all our non-high-risk mining sources and visit them at least every 5 years. We believe on-site visits are central to corroborate the assessment done through desk top reviews. On-site visits are conducted by competent in-house personnel as required by the guidance. Such visits are fully integrated in our due diligence program, and we use the LBMA RGG v9 on-site toolkit to document the visits across 2023. During the year, our Team has visited 14 supply chain located in Africa, South America, North America, and Asia as well as a number of prospects. All our new onboarded high risk mines have been visited before the account opening, except one where the site visit has been done the month following the opening. All our existing high risk mining counterparties have been visited within the 5 last years. None of these on-site visits have triggered the identification of new risks.

Factors triggering the on site visit:

New prospect	Recurrent visit (each 5 years)	Specific issue triggering on site visit and type of risk
3	10	1 (ESG risk)*

*New Liberty mine, refer to step 1-Grievance

Risk level of supply chain visited in 2023:

High risk supply chain	Non high-risk supply chain
10	4

Our policy is to source gold investment bullion produced only by LBMA/LPPM, RMI, RJC, CME or LME accredited refineries. All these programs request refineries with high-risk supply chain to undergo an OECD guidance equivalent audit. Non LBMA gold bars sourced should therefore be pre-approved by Compliance Department, who will verify that these bars are produced by a refinery having joined a program compliant with the OECD guidance.

Following the RGG 9 requirements, all our counterparties being intermediate refinery have joined the RMI or RJC and have gone through and OECD equivalent audit, except one. This counterparty, located in Hong Kong, and sourcing only recycled materials joined in 2023 the RJC program but the audit has been delayed to Spring 2024. As we fully support its commitment to strengthen its responsible compliance program, we continue sourcing from them despite not having yet received the result of the audit. We are proud to have successfully convinced additional supply chains actors to join such program promoting responsible sourcing and aligned with the OECD guidance.

Another of our intermediate refinery counterparty located in USA, sourcing recycled material, and having gone through the RMI audit has revealed significant non-conformance items. RMI has given them a deadline to remediate the non-conformance. If such non-conformance is not resolved within the set deadline, they will be removed from the RMI conformant smelter list. Our counterpart is currently working to close all the gaps identified. Should this counterparty be removed from the RMI conformant smelter list, we will disengage.



Monitoring

In addition to on-boarding due diligence, we conduct appropriate and continuous scrutiny and monitoring of transactions undertaken through the course of the relationship following a risk-based approach. Transaction monitoring include reviewing the type, quantity, expected purity of material received and the consistency of the documents with each other and with the KYC information. Any unusual or high-risk transaction is communicated to the Compliance Team who will ensure that proper clarification is obtained. All transactions are reviewed daily by the Compliance Team in addition to the operational checks conducted. Where material inconsistencies or suspicions are identified, the material is segregated, and clarification is undertaken. Material is released only when all the inconsistencies are resolved or when no doubt remains.

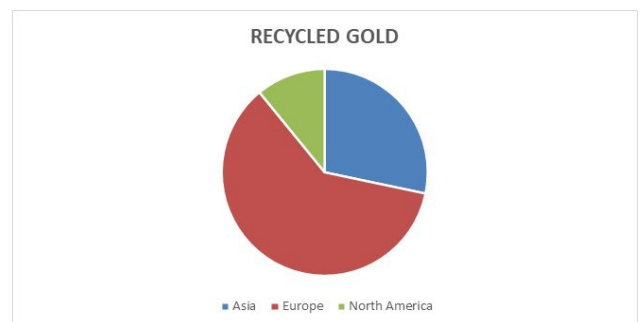
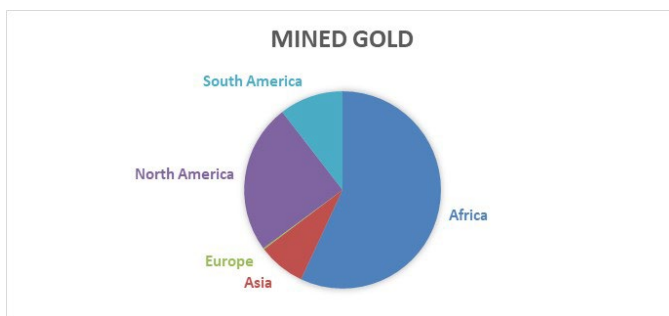
During the year, we have neither identified any instance of zero-tolerance non-compliance in our supply chain, nor faced any incident relating to the identification of our counterparties, the origin of precious metals nor on traceability. We have as well not identified any case of suspicion of child labour within our supply chain. We however had one incident where we received a lot with non LBMA bullion brands not pre-approved by Compliance. Such non conformant lot has been identified at reception and returned to the counterparty.

During 2023, we submitted suspicious activity reports on two of our supply chain to the Money Laundering Reporting Office (MLRO) in Switzerland. One of these reports did not give rise to any follow up action by the MLRO. The other report triggered a freezing order that was then lifted.

Supply chain description (including ASM)

We source from recycled and mined precious metals supply chains (as per OECD guidance definition). Regarding the mined precious metals supply chains, we source mainly from large well-established industrial mines located in Europe, North America, South America, Africa, Asia and Oceania. Regarding recycled materials, we source predominantly from industrials, manufacturers, precious metals wholesalers and dealers, and banks in Europe, North and South America and Asia. We do not source any precious metals from United Arab Emirates.

Volume of mined and recycled gold sourced by continent for the year 2023.





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In our drive to support responsible ASM, in previous years we have extended our supply chain in Brazil and Colombia to small-scale operations, by sourcing directly or through aggregators. As part of our enhanced diligence process, we frequently visit the aggregators and each of the small-scale mines. On these projects, we engage with the Swiss Better Gold Association, a not-for-profit organisation, that supports responsible ASM mines to improve their environmental and social practices. Meetings were also organized with local authorities. All the precious metals sourced from ASM located in Colombia in 2023 and through two aggregators have gone through our enhanced due diligence process and are accredited by the Swiss Better Gold Association. In Brazil, we source directly from a small-scale industrial mine and until February 2023, we sourced precious metal from small scale industrial mines through an aggregator.

One of these aggregators in Colombia sources as well gold and PGM from a network of traditional artisanal miners, with a full traceability. This chain is also supported by the Swiss Better Gold Association and miners can therefore benefit from a premium to support their livelihood. It is a great pride for us to provide traditional alluvial miners an access to the international market and promote the formalisation of this sector.

Previously two of our supply chains in Latin America were using mercury. Although mercury was used in a contained manner and in compliance with local environmental regulations, our aim was to help them to find alternative solutions. We are pleased to see that one of them was able to implement an alternative solution during the year 2023 to eliminate mercury. The second supply chain is currently no longer active.

Last year, we were able to extend our ASM supply chain by sourcing from a small scale mine using artisanal process with no use of chemicals in Ghana through the Central Bank of Ghana. On site visit was as well conducted before onboarding.

Our Group continues to actively participate in a number of different initiatives aiming to source or facilitate sourcing from artisanal mines, including the one led by the LBMA, to provide them with technical assistance towards mining best practices as well as direct access to the international markets. Such actions include as well the introduction of different actors of the chains through workshop and on site visit.

Step 3: Design and implement a management system to respond to identified risks

We have fully complied with Step 3: Design and implemented a management system to respond to identified risks.

During the reporting period, we have disengaged or suspended two relationships due to compliance risk. One of them is a mine who have no longer the authorization to operate and the second is a US intermediate refinery which has been removed by the RMI from its list of conformant smelters.

We have as well declined on a number of new relationships based on preliminary or full due diligence work.

During this reporting period, we have sourced gold from the North Mara Gold Mine in Tanzania (NMGM). In June 2019, NMGM was the subject of certain allegations related to personal injury claims and



environmental pollution. At this time, the gold was refined by our sister company MMTC PAMP. Since 2020, gold produced by NMGM is as well refined by our refinery.

The following steps were taken since 2019:

- In June 2019, a public announcement relating to the allegations was issued detailing the actions MKS PAMP GROUP has taken, please [refer to statement](#);
- An independent environmental and social consultant Synergy Global Consulting (Synergy) was appointed to conduct a detailed expert independent assessment at the NMGM. Senior representatives from the Synergy team undertook an on-site assessment at the NMGM in November 2019 with an executive summary of their findings being published on the MMTC-PAMP's website on July 2020, please [refer to statement](#);
- Complied with the recommendation of Synergy to continue trading with NMGM while engaging with Barrick Gold Corporation on the mitigation of certain risks identified by Synergy;
- Undertake quarterly monitoring of the implementation by NMGM of the above recommendations issued by Synergy;
- MKS PAMP GROUP further mandated Synergy in December 2020 and 2021 to conduct independent desktop review of the progress made at NMGM over the course of the reporting year and the management by NMGM of the risks previously identified by Synergy. Both review concluded that continued improvements were achieved towards the management of the risks previously identified by Synergy, enabling MKS PAMP to continue trading with NMGM.
- A new on-site visit has been conducted in 2022 by Synergy. The overall finding on risks and progress was the following ([refer to executive summary of the report](#)):
 - NMGM has made significant measurable progress in relation to security forces management, particularly in relation to the management of private security.
 - Tailings storage facility (TSF) and water management are no longer considered high risk as Barrick has taken rapid action and consented significant investments to address the root causes of the risks.
 - In relation to land issues and resettlements, NMGM has made measurable progress regarding resettlement by consolidation their understanding of historical compensation processes, working to resolve outstanding historical resettlement issues, and developing a more integrated site wide plan for future resettlement.
 - Barrick has made measurable progress to the grievance mechanism through the development of a new grievance procedure in 2020, resolving outstanding grievances and engagement with community members.
- This third-party independent assessment has confirmed MKS PAMP GROUP's decision to continue to source from the mine. As recommended by Synergy, MKS PAMP GROUP continues to engage with Barrick on the mitigation of the remaining risks identified at the mine. The full independent assessment report was submitted to the LBMA and LBMA had published a [related statement](#), available on their website.
- Since, NMGM provided MKS PAMP GROUP half-yearly report on the implementation by NMGM of the new recommendations issued by Synergy, confirming continuous improvement, which enable MKS PAMP to continue sourcing. At the end of 2023, the majority of the recommendations have been implemented by NMGM.
- Even though armed intrusions at NMGM continue to occur, we consider at this stage that NMGM has taken all reasonable steps to prevent them.



Reporting to Executive Management Committee and Board of Directors

In addition to reporting detailed in Step 1, quarterly updates on risk mitigation strategy are made to the Executive Management Committee and Board of Directors, who will take action if and when necessary.

Step 4: Arrange for an independent third-party audit of the supply chain due diligence

We have fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

MKS PAMP SA has engaged a recognized independent and competent auditor accredited by the LBMA to perform the audit of our supply chain due diligence in compliance with LBMA/LPPM responsible sourcing program and OECD due diligence, including its Gold supplement. The independent assurance report will be available on MKS PAMP SA's website when issued and no non-conformance has been identified by our auditors for the reporting period ended December 31, 2023. No non-conformance has been identified since the implementation of the guidance.

Step 5: Report on supply chain due diligence

We have fully complied with Step 5 Report on supply chain due diligence.

Our Responsible Precious Metals Group Policy is available on the MKS PAMP SA website. Our 2023 Compliance report with the audit report will be available on the MKS PAMP SA website when issued. All previous years Compliance reports and audit reports are also available on our website.

In addition, we have:

- Responded to queries from the LBMA, LPPM, RMI or other regulatory bodies as to information required by them or any allegations made, if any.
- To the extent allowed by confidentiality and competitive requirements, answered queries by the media, NGOs and Academia as to our sourcing activities, related business and compliance processes and counterparties.
- Provided substantial public information on our work with North Mara Gold Mine as detailed in 3 above.
- Complied with the reporting requirements of the DDTro.



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MKS PAMP SA's overall conclusion

Is MKS PAMP SA in compliance with the requirements of the OECD Guidance (including its gold supplement), the *LBMA Responsible Gold and Silver Guidance* as well as the *LPPM Responsible Platinum and Palladium Guidance* for the reporting period?

Yes

In conclusion, MKS PAMP SA strives to continuously improve its own processes and practices as well as lead the industry to further enhance due diligence standards and practices.

MKS PAMP SA has implemented effective management systems, procedures, processes and practices to conform to the requirements of the *LBMA Responsible Gold and Silver Guidance*, the *LPPM Responsible Platinum and Palladium Guidance* and the *OECD Guidance, including its gold supplement* for all its precious metals supply chain for the reporting year ended 31 December 2023.

If users of this report wish to provide any feedback to MKS PAMP SA with respect to this report, they can send an e-mail to our dedicated email address: responsiblepm@mkspamp.com