

GOLDREX

DMCC

**Human Rights and Responsible Sourcing
Report for the period of 2023**

COP 6 & 7: HUMAN RIGHTS & DUE DILIGENCE

Contact Information

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COMPANY MANAGEMENT SYSTEMS

Supply Chain Policy

GOLDREX recognizes that risks of significant adverse impacts may be associated with extracting, trading, handling and exporting minerals from conflict-affected and high-risk areas. We recognize that we have the responsibility to respect human rights and not contribute to conflict. We commit to adopt, widely disseminate and incorporate in contracts and/or agreements with suppliers our policy on responsible sourcing of minerals from conflict-affected and high-risk areas, as representing a common reference for conflict-sensitive sourcing practices and suppliers' risk awareness from the point of extraction until end user. We commit to refraining from any action which contributes to the financing of conflict and we commit to comply with relevant United Nations sanctions resolutions or, where applicable, domestic laws implementing such resolutions. We also commit to and implemented in our process the UN Guiding Principles on Business and Human Rights.

GOLDREX's Supply Chain Policy is fully aligned with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas (OECD Guidance). It covers all the risk Identified in Annex II of the OECD Guidance and its geographic scope is global. The company is committed to addressing any Annex II Risk if identified. The policy was reviewed and approved by senior management, which committed to support its implementation. The policy has been widely disseminated to relevant stakeholders (suppliers, customers, employees, etc.) and is available in our company website at www.goldrexdmcc.com. We also shared our policy to all our counterparties and request them to undertake to comply with the provisions of the Policy in all our interactions with them.

Management Structure

The company follows through on its commitments in the supply chain policy and has developed an internal procedure for due diligence. The provisions, procedures and controls detailed in the policy and procedures manual are mandatory and apply to GOLDREX's management and employees. Specific roles are stipulated in each of the employees Job Descriptions. The company has assigned a Compliance Officer who is responsible for overseeing the human rights and supply chain due diligence program which includes identification and assessment of human rights and supply chain risks, a strategy and action plan to respond to identified risk, and ongoing monitoring and evaluation of efforts. Ultimately, the Managing Director is responsible in ensuring that the company is complying with its Human Rights and Supply Chain Policy and Due Diligence Practices.

The company conducted several trainings based on the risk exposure of each staff in the supply chain. A strong and open communication line between Compliance Officer, top management, and relevant employees for concerns regarding the supply chain is present. Training programs are available and done based on the level of risk and exposure to the supply chain. A training plan is carried out by the Compliance Officer for the reporting period. Also, a training need analysis is required to monitor if additional or refresher trainings are needed.

Internal Systems of Control

The company has established a system of controls and transparency over our supply chain, which include our approach for identifying suppliers and identifying sources of our suppliers. The first step of identifying the origin of the materials starts with the account onboarding. We are collecting information and details about the origin, type of materials and volume that they intend to supply to the company. When all information is collected, we conduct a review and assessment of the data, that includes site visit, to verify whether or not the information provided can be corroborated or substantiated. We also conduct background checks on the supplier before accepting any materials to ensure that they do not pose actual or potential risk of adverse impacts to the company. This is done even before accepting the applicant as a customer. If a potential customer fails to provide information regarding its sourcing practices, or the information supplied is questionable or cannot be substantiated, we will not open the account or accept a particular shipment. The same also applies to existing customers, a regular due diligence review is performed and the frequency of it depends on the risk profile of the customers.

Strengthening Engagement with Suppliers

We communicated the supply chain policy and sourcing requirements to all our direct counterparties. The company has also incorporated the due diligence requirements into the account opening form and daily transactions. We have also posted on our website our Supply Chain Policy to be accessible to the public. As part of account opening and yearly site visits, we discuss and engage our direct counterparties the responsible sourcing practices and the OECD Guidance and assists them on improving their due diligence practices.

Grievance Mechanism

Our grievance policy is available to all stakeholders and can be found in the reporting section of our website. We have not received any grievance regarding our responsible sourcing practice till date. Any information received from grievances will be reviewed and if needed, corrective actions or controls will be incorporated in the due diligence process as improvement.

Record Keeping System

The company requires that all records relating to the due diligence program are maintained for at least five years and that they are properly used and stored in the company's accounting system. Information such as KYC, Supply Chain Due Diligence, and transaction documentations are kept.

The company has developed a risk identification and assessment procedure. The first step is to identify the origin of the materials, and assess if the origin or transit point is red-flag as per the OECD Guidance. The criteria we use are Human Rights Risk, Money Laundering, Terrorist Financing, Corruption and Governance, Presence of Conflict and other risks such as plausibility. We have adopted the RMI Country Risk Map as a reference for identifying whether or not the material is originating or transiting on a CAHRA.

Our customer due diligence process not only requires determination of type of origin of the materials but also, assessing the compliance program of the customer. We collect information related to the business activity, ownership and management structure, financial information, details of the origin of the materials including licenses, responsible precious metal supply chain policy, AML-CFT Policy, Bribery Policy, supplier’s due diligence related to their procedures when sourcing, and the proposed business details. The information provided will be assessed and the customer will be given a risk profile. For all high-risk customers, a management decision is required whether or not we will accept/continue the business. The information collected will be used to assess the risk in the supply chain. The second step of the risk assessment is to check for red-flags as per the OECD Due Diligence Guidance for Responsible Sourcing of Minerals.

List of red flags (minimum) as defined by the OECD:

Type of Ref Flag	Description of Red Flag
Locations Red Flag	The gold originates from or has been transported through a conflict-affected or high-risk area (CAHRA).
Locations Red Flag	The gold is claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of gold (i.e. the declared volumes of gold from that country are out of keeping with its known reserves or expected production levels).
Locations Red Flag	The gold is claimed to originate from a country through which gold from conflict-affected and high-risk areas (CAHRA) is known or reasonably suspected to transit.
Locations Red Flag	The gold is claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold from conflict-affected and high-risk areas (CAHRA) is known or reasonably suspected to transit.
Supplier Red Flag	Suppliers or other known upstream companies operate in one of the abovementioned red flag locations of gold origin and transit, or have shareholder or other interests in suppliers of gold from one of the above-mentioned red flags locations of gold origin and transit.
Supplier Red Flag	Suppliers or other known upstream companies are known to have sourced gold from a red flag location of gold origin and transit in the last 12 months.
Circumstances Red Flag	Anomalies or unusual circumstances are identified through the information collected in Step 1 which give rise to a reasonable suspicion that the gold may contribute to conflict or serious abuses associated with the extraction, transport or trade of gold.

When a red-flag is identified, enhanced due diligence is required, which is the third step.

STRATEGY

Report findings of the supply chain risk assessment to the designated senior management of the company.

Our risk assessment and enhanced due diligence findings are received by the Managing Director. The Managing Director will decide whether to continue or reject/discontinue the business in light of the actual or potential risk identified in the supply chain.

Risk management plan

To respond to the risks identified within our supply chain, we took the following steps to design and implement a risk management plan. The information collected on the enhanced due diligence steps are assessed to identify actual presence of supply chain risk (as per Supply Chain Policy or Annex II Model Supply Chain Policy of the OECD Guidance). For identified Annex II Risk, our response will be:

Regarding serious abuses associated with the extraction, transport or trade of minerals:

Regarding serious abuses associated with the extraction, transport or trade of minerals:

1. While sourcing from, or operating in, conflict-affected and high-risk areas, we will neither tolerate nor by any means profit from, contribute to, assist with or facilitate the commission by any party of:

- i) any forms of torture, cruel, inhuman and degrading treatment;
- ii) any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
- iii) the worst forms of child labour;
- iv) other gross human rights violations and abuses such as widespread sexual violence;
- v) war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

Regarding risk management of serious abuses:

2. We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses as defined in paragraph 1.

Regarding direct or indirect support to non-state armed groups:

3. We will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals. "Direct or indirect support" to non-state armed groups

through the extraction, transport, trade, handling or export of minerals includes, but is not limited to, procuring minerals from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:

- i) illegally control mine sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain; and/or

- ii) illegally tax or extort money or minerals at points of access to mine sites, along transportation routes or at points where minerals are traded; and/or
- iii) illegally tax or extort intermediaries, export companies or international traders.

Regarding risk management of direct or indirect support to non-state armed groups:

4. We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups as defined in paragraph 3.

Regarding public or private security forces:

5. We agree to eliminate, in accordance with paragraph 10, direct or indirect support to public or private security forces who illegally control mine sites, transportation routes and upstream actors in the supply chain; illegally tax or extort money or minerals at point of access to mine sites, along transportation routes or at points where minerals are traded; or illegally tax or extort intermediaries, export companies or international traders.

6. We recognise that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.

7. Where we or any company in our supply chain contract public or private security forces, we commit to or we will require that such security forces will be engaged in accordance with the Voluntary Principles on Security and Human Rights. In particular, we will support or take steps, to adopt screening policies to ensure that individuals or units of security forces that are known to have been responsible for gross human rights abuses will not be hired.

8. We will support efforts, or take steps, to engage with central or local authorities, international organisations and civil society organisations to contribute to workable solutions on how transparency, proportionality and accountability in payments made to public security forces for the provision of security could be improved.

9. We will support efforts, or take steps, to engage with local authorities, international organisations and civil society organisations to avoid or minimise the exposure of vulnerable groups, in particular, artisanal

miners where minerals in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

Regarding risk management of public or private security forces:

10. In accordance with the specific position of the company in the supply chain, we will immediately devise, adopt and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, as identified in paragraph 5, where we identify that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from

the adoption of the risk management plan. Where we identify a reasonable risk of activities inconsistent with paragraphs 8 and 9, we will respond in the same vein.

Regarding bribery and fraudulent misrepresentation of the origin of minerals:

11. We will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.

Regarding money laundering:

12. We will support efforts, or take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money-laundering resulting from, or connected to, the extraction, trade, handling, transport or export of minerals derived from the illegal taxation or extortion of minerals at points of access to mine sites, along transportation routes or at points where minerals are traded by upstream suppliers.

Regarding the payment of taxes, fees and royalties due to governments:

13. We will ensure that all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments and, in accordance with the company's position in the supply chain, we commit to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).

Regarding risk management of bribery and fraudulent misrepresentation of the origin of minerals, money-laundering and payment of taxes, fees and royalties to governments:

14. In accordance with the specific position of the company in the supply chain, we commit to engage with suppliers, central or local governmental authorities, international organizations, civil society and affected third parties, as appropriate, to improve and track performance with a view to preventing or mitigating risks of adverse impacts through measurable steps taken in reasonable timescales. We will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation.

Detail of Supplier Disengagement:

In accordance with our commitment to transparency and responsible business practices, we conduct periodic reviews of our supply chain to identify and address any potential risks or adverse impacts. If adverse impacts are identified, we develop a comprehensive risk management/control plan, which is presented to the management for review and action.

During the reporting period, as part of our ongoing risk management efforts, we made the decision to disengage from a specific business relationship. This decision followed a thorough assessment of the supplier's operations and risk profile, conducted within a three-month review cycle.

Specifically, we terminated a relationship involving transactions originating from a high-risk area due to its current geopolitical and regulatory landscape. The decision to disengage was guided by our risk mitigation strategy outlined in Annex II of the OECD Due Diligence Guidance for Responsible Sourcing of Minerals from Conflict-Affected and High-Risk Areas.

The disengagement process commenced in December 2022, and the account was officially closed in

February 2023. Throughout this process, we ensured compliance with all relevant sanctions regulations and contractual obligations.

As part of our ongoing commitment to transparency and due diligence, we continue to monitor our supply chain diligently for any developments that may necessitate further action. This proactive approach enables us to uphold the highest standards of ethical conduct and compliance in all our business dealings.