

## Precious Metals Supply Chain Policy

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Version 3

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## **1. Foreword**

As a certified RJC member and family owned company with over two generation in the gold business, ISGOLD commits itself to the principle of sustainability by introducing the highest ethical, moral and social responsibility standards.

ISGOLD conducts its business, through its employees and directors, in compliance with applicable laws and overall in an honest and ethical manner. ISGOLD believes that a commitment to honesty, ethics, transparency and integrity is an essential foundation that builds trust with clients and business partners.

## **2. Scope**

Precious Metals Supply Chain Policy applies to all precious metals handled by ISGOLD and to all of its business partners which are miners and mining companies, scrap dealers, refiners and metal traders.

From the beginning, a philosophy of risk assessment, evaluation, risk monitoring and control has been at the core of our business culture. All material and potential risks are monitored and mitigated in everything we do, from sourcing our precious metals feedstock, to refining, trading, manufacturing or delivery of finished products

This Policy provides framework for support of worldwide efforts and active cooperation with ISGOLD's clients and business partners to ensure that precious metals come from legitimate, ethical sources, that they have not been associated with crime, armed conflict or human rights abuse. It is our firm conviction and our unalterable policy to refuse any business proposal which might be connected with any illegitimate activity.

Our 'high risk' definition is aligned with the Annex II of the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' (OECD DDG) and the LBMA. The Compliance Officer of ISGOLD has the authority to deny any new business relationship classified as 'high risk'. Senior management retains ultimate control and responsibility for ISGOLD's engagement in precious metals supply chains in accordance with the ISGOLD Due Diligence Manual.

Our supply chain due diligence and congruent commitment, policies and practices, are consistent with the OECD Due Diligence Guidelines (DDG), the OECD DDG 'Supplement on Gold', the Responsible Jewellery Council standard, the 'LBMA Responsible Gold Guidance', the 'LBMA Responsible Silver Guidance', BORSA Istanbul Responsible Precious Metals Supply Chain Guidance and the relevant local legislation by Financial Crimes Investigation Board (MASAK) in order to combat abuses of human rights, to avoid contributing to conflict and to avoid contributing to white-collar crimes. This includes compliance with standards on anti-money laundering (AML) and combatting the financing of terrorism (CFT).

### **3. Our Commitment**

The commitment of ISGOLD in accordance with the Responsible Sourcing:

- Neither tolerate, nor by any means profit from, contribute to, assist with or facilitate the commission by any party of serious abuses associated with the extraction, transport or trade of minerals as indicated in Annex II of the OECD Guidance:
  - Any forms of torture, cruel, inhuman, and degrading treatment;
  - Any forms of forced or compulsory labour;
  - The worst forms of child labour;
  - Other gross human rights violations and abuses such as human trafficking/smuggling, widespread sexual violence; and/or
  - War crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide.
  - To bribe or to be bribed
- Not to enter into any business relationship, or immediately suspend or discontinue engagement with Counterparties supplying precious metals where we identify a reasonable risk that they are sourcing from, or are linked to, any party committing serious abuses as defined above. ISGOLD's intention is also to engage the Counterparty to ascertain the circumstances of identified risks and violations, how the Counterparty has handled these (through mitigation and remedy actions), and how the Counterparty has introduced reasonable control measures to prevent and better mitigate such risks in the future.
- Not to tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling, or export of precious metals. This includes, but is not limited to, procuring precious metals from, making payments to, or otherwise providing logistical assistance or equipment to non-state armed groups or their affiliates who:
  - Illegally control mine sites or otherwise control transportation routes, points where precious metals are traded, and upstream participants in the supply chain; and/or
  - Illegally tax or extort money or precious metals at points of access to mine sites, along transportation routes, or at points where precious metals are traded; and/or

- Illegally tax, or extort from, intermediaries, export companies, or international traders.
- Not to enter into any business relationship, or immediately suspend or discontinue engagement with upstream suppliers, where we identify a reasonable risk that they are sourcing from, or are linked to, any party providing direct or indirect support to non-state armed groups as defined above.
- Eliminate, in accordance with paragraph 10 of Annex II of the OECD Guidance, 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 points of access to mine sites, along transportation routes or at points where minerals are traded; or illegally tax or extort from intermediaries, export companies or international traders.
- 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.
- Where we or any company in our supply chain contract public or private security forces, we commit to ensuring, or 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.
- 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.
- 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.
- Immediately suspend or discontinue engagement with any upstream participant(s) should we identify a reasonable risk that the supply chain directly or indirectly supports illegally acting public or private security forces.
- Not offer, promise, give, or demand any bribes, and resist the solicitation of bribes to conceal or disguise the origin of precious metals, to misrepresent taxes, fees, and royalties paid to governments for the purposes of precious metals extraction, trade, handling, transport and export.
- Support efforts, and/or take steps, to contribute to the effective elimination of money laundering as well as terrorism financing where we identify a reasonable risk of such illegal practices resulting from, or connected to, the extraction, trade, handling, transport or export of precious metals derived from the illegal taxation or extortion of precious metals at points of access to mine sites, along transportation routes or at points where precious metals are traded by upstream participants in the supply chain. In this regard,

we will immediately report to the Financial Crimes Investigation Board (MASAK) any suspicion of any illegal financial transaction we detect.

- Systematically perform enhanced due diligence practices, including the Know Your Customer (KYC), following a risk-based approach, before entering a business relationship with any precious metals supplying Counterparties. Conduct, utilising a risk-based approach, appropriate scrutiny and monitoring of: the transactions undertaken through the course of the relationship; and the governance structures in place to prevent any risk of illegal activities. Implement a management strategy to respond to identified risks.
- Commit, in accordance with our position in the supply chain, to require evidence from our counterparties that they have disclosed payments in accordance with the Extractive Industry Transparency Initiative (EITI). Investigate the role of refiners in incentivising suppliers to operate in accordance with the EITI.
- Monitor transactions through an annual update of the Counterparties' KYC information and, depending on the supply-chain risk level, carrying out appropriate on-site spot check.
- Drive the risk mitigation decision-making process through the Responsible Sourcing and Compliance Committee (RSCC), which is composed of the AMS (Accreditation and Management Systems) Manager, the Legal Compliance Officer, the Head of Sales, and is chaired by the CEO. The RSC is responsible for discussing the risk level determined for each Counterparty and their supply chains, validating the risk level, considering if there are grounds to adjust this level.
- Buy ASM gold, provided that ASM activities are legitimate (per the definition given in the OECD FAQs) and that risks are identified and managed accordingly. We will not consider ASM mining activities as legitimate when they contribute to conflict and serious abuses associated with the extraction, transport or trade of minerals as defined in Annex II of the Due Diligence Guidance. We will work with artisanal miners or ASM entities which show genuine commitment to cooperate and engage in a credible process of legalisation.<sup>1</sup>
- Only deal through official banking channels for financial and precious metals transactions.
- Require our Counterparties and, in particular, all Counterparties supplying precious metals, to mutually cooperate by committing to, and acknowledging in writing, compliance with a supply chain policy consistent with Annex II of the OECD DDG.
- Adequately store and maintain all records and documentation relating to the precious metals supply chain in order to demonstrate that appropriate and on-going due diligence has been performed. Storage of such information should be for a minimum of 8 years or as directed by applicable local laws, whichever is longest.
- If counterparties' policies or management systems, including environment management system, are lacking or inadequate, require our Counterparties to consider engaging with potential local/international partners or stakeholders to improve their management systems and policies.

<sup>1</sup> OECD ASM FAQ [https://www.oecd.org/daf/inv/investment-policy/FAQ\\_Sourcing-Gold-from-ASM-Miners.pdf](https://www.oecd.org/daf/inv/investment-policy/FAQ_Sourcing-Gold-from-ASM-Miners.pdf)

Through a dedicated functional mailbox, available at [compliance@isgold.com](mailto:compliance@isgold.com), any interested party (employees, stakeholders or counterparties) can express - on both individual or collective

bases - concerns or raise issues related to the supply chain and associated risks. While the Human Resources department deals with internal complaints, the Compliance Officer is in charge of monitoring and assessing all incoming external supply chain and risk related communications in keeping Senior Management informed about every relevant newly identified risk.