

**SUPPLY CHAIN DUE DILIGENCE  
PROCEDURE**

## General provisions

1. JSC Almalyk Mining and Metallurgical Complex's ("AMMC") is committed to conducting business responsibly and ensuring that our mineral supply chains uphold the highest standards of ethics, sustainability, and human rights. This Supply Chain Due Diligence Procedure (the "Procedure") outlines our approach to identifying, assessing, and addressing risks of adverse impacts in our supply chains in alignment with the OECD Guidance Annex I, the LBMA Responsible Precious metals Guidance including Responsible gold and silver guidances (the "RGG"), the Copper Mark the Risk Readiness Assessment Criteria Guide (the "RRA") and the Joint Due Diligence Standard (the "JDDS").

2. AMMC is committed to implementing the five-step due diligence process as defined in Annex I of the OECD Guidance.

These steps include:

1. establishing strong company management systems;
2. identifying and assessing risks in the supply chain;
3. designing and implementing a strategy to respond to identified risks;
4. conducting independent third-party audits of supply chain due diligence at identified points in the supply chain and
5. reporting on supply chain due diligence.

3. AMMC pledge to identify, assess, and respond to risks of adverse impacts and actual adverse impacts within AMMC's mineral supply chains. At a minimum, AMMC's approach includes addressing the Annex II risks as outlined in the OECD Guidance, such as:

- serious abuses associated with the extraction, transport, or trade of minerals (e.g., forced labor, child labor, torture);
- direct or indirect support to non-state armed groups;
- public or private security forces acting in violation of international law;
- bribery and fraudulent misrepresentation of the origin of minerals;
- money laundering linked to mineral trade and
- contribution to conflict through the extraction and trade of minerals.

Before entering into a business relationship, AMMC identifies risks in the supply chain and terminates operations with counterparties that pose such risks.

4. AMMC requires suppliers involved in the supply chain to adhere to this Procedure or carry out due diligence on their supply chains in order to identify, assess and mitigate the risks contained in Annex II of the OECD Guidance at a minimum. This requirement applies to all upstream tiers of suppliers, from the origin of the mined metal to supply to AMMC. If risks are identified, AMCC intends to work collaboratively with its suppliers and, where appropriate, other stakeholders, to manage such risks.

5. AMMC makes and receives payments for metals through official banking channels.

6. Identification of Conflict-Affected and High-Risk Areas (CAHRA)

For the purposes of this Procedure, AMMC establishes a formal methodology for identifying Conflict-Affected and High-Risk Areas (CAHRA) in alignment with the OECD Due Diligence Guidance, Copper Mark Risk Readiness Assessment (RRA), and LBMA Responsible Gold and Silver Guidance.

6.1 Sources of CAHRA Identification

AMMC uses the following internationally recognized sources to determine whether a country or region qualifies as a CAHRA:

Sanctions lists (United States, European Union, United Kingdom, United Nations);

Dodd-Frank Act Section 1502;  
European Union CAHRA list;  
Heidelberg Conflict Barometer;  
World Bank Worldwide Governance Indicators (WGI);  
US Department of State – Country Reports on Human Rights Practices.

#### 6.2 CAHRA Classification Criteria

A country or region is classified as a CAHRA if it meets at least one of the following criteria:

##### (a) Automatic CAHRA Classification

Countries are automatically classified as CAHRA if:

They are subject to economic or financial sanctions imposed by the United States, European Union, United Kingdom, or United Nations;

They are included in the European Union CAHRA list;

They are identified under Dodd-Frank Act Section 1502;

They are classified as “high” or “extreme” conflict intensity according to the Heidelberg Conflict Barometer.

##### (b) Indicator-Based CAHRA Classification

For sources that do not provide predefined CAHRA lists, AMMC applies the following thresholds:

- **World Bank Worldwide Governance Indicators (WGI):**

A country is classified as CAHRA if it scores below -0.5 in at least one of the following indicators:

- Political Stability and Absence of Violence;
- Rule of Law;
- Control of Corruption.

- **US Department of State Reports:**

A country is classified as CAHRA if the report identifies:

- ongoing armed conflict;
- widespread or systematic human rights abuses;
- state fragility or lack of effective governance.

Such classification is documented by the Compliance Officer with justification.

##### (c) Transit and Indirect Risk Consideration

A country may also be classified as CAHRA if:

It is a known transit route for minerals originating from CAHRA regions;

There are significant discrepancies between production capacity and export volumes;

There is reasonable suspicion of origin misrepresentation or illicit trade.

#### 6.3 Decision Rule

Where multiple sources provide differing risk levels, AMMC applies the “highest risk principle”, whereby the country or region is classified according to the highest identified level of risk across all sources.

#### 6.4 CAHRA Register

AMMC maintains a formal CAHRA Register as an Appendix to this Procedure. The register includes:

List of countries and regions classified as CAHRA;

Source(s) used for classification;

Applicable indicator(s) and threshold(s);

Justification for classification;  
Date of assessment and last update;  
Responsible person.

The CAHRA Register is reviewed and updated at least annually, or more frequently if significant geopolitical changes occur.

#### 6.5 Responsibilities and Documentation

The Compliance Officer is responsible for:

Maintaining and updating the CAHRA Register;  
Ensuring consistent application of the CAHRA classification methodology;  
Documenting justification for classifications, particularly where qualitative sources are used;  
Reporting updates to the Executive Board.

All CAHRA-related records are retained in accordance with the record-keeping requirements set out in Section 5 of this Procedure.

7. AMMC supports the principles of the Extractive Industry Transparency Initiative (EITI) and, in EITI-implementing countries, is committed to implementing the criteria of the EITI. This includes fostering transparency and accountability in our mineral supply chains and contributing to sustainable development.

8. The Executive Board (“The Board”) has ultimate responsibility for approving, overseeing, the Procedure. The Procurement Department is responsible for conducting supply chain due diligence, risk management, and reporting. The Compliance Officer is appointed for leading this process.

9. AMMC has established a clear and coherent management process to address risks of adverse impacts and actual adverse impacts. This includes:

- assigning responsibilities to dedicated personnel or teams to oversee due diligence efforts;
- integrating risk assessment findings into our decision-making processes;
- developing and implementing action plans to mitigate risks and remediate adverse impacts where they occur;
- monitoring and evaluating the effectiveness of our actions and revising strategies as needed;
- collaborating with suppliers and stakeholders to promote responsible sourcing practices and
- conducting regular audits, including third-party assessments, to evaluate the effectiveness of the due diligence process.

10. AMMC is committed to continuous improvement by developing feedback mechanisms that allow stakeholders to report concerns related to the supply chain. Regular reviews and updates to the Procedure ensure alignment with evolving industry standards and regulations.

11. The Procedure will be updated in case of changes in industry standards, regulations, and changes in the nature of suppliers and types of mined metals to ensure its effectiveness. The Board annually assesses the necessity for such updated. Updated information will be shared with all stakeholders.

12. AMMC has the following e-mail address: [responsible\\_supplychain@agmk.uz](mailto:responsible_supplychain@agmk.uz), enables parties across the supply chain to report any risk, complaints or other grievances, in a confidential, or if chosen, anonymous manner without fear of retaliation, punishment or discipline.

13. This Procedure applies to all current and prospective suppliers within AMMC supply chains.

## **1. Scope**

This Supply Chain Due Diligence Procedure (the “Procedure”) applies to all aspects of JSC Almylyk Mining and Metallurgical Complex's (“AMMC”) gold, silver, copper, and molybdenum (the “Metals”) sourcing and trading operations. The Procedure is based on the following standards:

1. OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
2. The LBMA Responsible Precious metals Guidance including Responsible gold and silver guidances (the “RGG”).
3. The Copper Mark the Risk Readiness Assessment Criteria Guide (the “RRA”).

The main principles of this Procedure based on the OECD’s Five-Step due diligence framework for sourcing minerals from Conflict-Affected and High-Risk Areas:

1. Establish Strong Responsible Sourcing Management Systems (see “2. Governance structure”).
2. Identify and Assess Responsible Sourcing Risks in the Supply Chain (see “3. Risks” and “4. Risk-based due diligence”).
3. Design and Implement Risk Management Strategies (see “4. Risk-based due diligence”).
4. Obtain Independent Assurance on Conformance (see “2. Governance structure”).
5. Report on Management Systems and Performance during the year (see “2. Governance structure“ and “4. Risk-based due diligence“).

This chapter outlines the scope of The Procedure for the supply chains. The purpose of this section is to define the extent of the AMMC's responsibilities, obligations, and the boundaries within which due diligence processes are implemented:

### **1.1 Applicability**

The due diligence process applies to all entities involved in the AMMC’s Metals supply chain, including but not limited to:

- Mines.
- Metals traders, refiners, and other intermediaries.
- Transportation and logistics providers.
- Any third-party entities handling the Metals related transactions.

### **1.2 Geographical Scope**

The Procedure cover all regions and countries from which the Metals are sourced or through which they are transported, with particular attention to:

- Conflict-affected and high-risk areas (CAHRAs).
- Regions with a high prevalence of human rights abuses, illicit activities, or weak governance.
- Any jurisdiction where the metals supply chain activities take place.

### **1.3 Metals Types and Forms**

The scope includes all forms and types of the metals, including gold, silver, copper, and molybdenum, regardless of origin, including:

- Mined metals (both primary and recycled sources).
- All metals-bearing materials in the AMMC’s supply chain.

#### **1.4 Stakeholders**

The scope encompasses all stakeholders, including:

- Internal stakeholders such as management, compliance officers, and relevant departments.
- External stakeholders, including suppliers, contractors, and service providers involved in the handling, transportation, and processing of metals.
- Investors, regulatory authorities, and non-governmental organizations (NGOs) involved in overseeing or auditing the company's adherence to the RGG.

## **2. Governance Structure**

The structure is responsible for overseeing the effective implementation, monitoring, and continuous improvement of due diligence processes across the metals supply chain.

### **2.1 Executive Board**

The Executive Board (the “Board”) has ultimate responsibility for approving and overseeing the Procedure. The structure, the process for selecting members, and the operational procedures of the Board are outlined in the Regulations on the Board published on the AMMC’s corporate website.

For the purposes of this Procedure, the Board responsible for:

- The Procedure aligns with AMMC’s values, regulatory requirements, and stakeholder expectations.
- Ensuring internal accountability for the effectiveness of the supply chain due diligence policies and processes.
- Assessing whether effective structures and communication processes are in place for critical information, including the Procedure, to reach relevant employees and metals-supplying counterparties.
- Review the effectiveness of the Procedure and processes to drive continuous improvement annually.
- Evaluating whether the Compliance Officer has adequate resources and support to effectively manage and oversee the operation and monitoring of supply chain due diligence processes and systems.

### **2.2 Compliance Officer**

A designated Compliance Officer, with experience in responsible sourcing and supply chain management, is appointed to oversee all matters related to the metals supply chain. The officer is responsible for:

- Implementing The Procedure,
- Coordinating internal teams and external stakeholders,
- Reviewing the metals supply chain due diligence processes and systems to meet the objectives of the RGG and the RRA and the AMMC’s risk management appetite,
- Ensuring effective structures and communication processes are in place for critical information, including the Procedure, to reach relevant employees and metals-supplying counterparties,
- Training employees with respect to supply chain risks (including threat finance and ESG) and preparing and updating of the Procedure and procedures,
- Reviewing Know Your Customer (KYC) files and risk classifications, and requesting additional documentation or information, as necessary,
- Ensuring that appropriate measures are executed in the case of high-risk supply chains or transactions,
- Providing annually information for the Board to perform its duties.

### **2.3 The Procurement Department**

A department and Compliance Officer, are responsible for the daily oversight and management of the due diligence process. The department and Compliance Officer meet regularly to review supply chain risks, approve risk mitigation strategies, and recommend corrective actions when necessary.

#### **2.4 External contractors**

To ensure the effectiveness of the Compliance Officer's work in verifying counterparties, external contractors may be engaged to support the due diligence process. These contractors assist in conducting enhanced due diligence, collecting additional documentation, and performing independent assessments where necessary. They work under the direction of the Compliance Officer, providing specialized expertise to help identify potential risks and implement appropriate risk mitigation measures.

#### **2.5 External Auditors**

Independent third-party auditors, approved by the LBMA and/or the Copper Mark, perform annual audits of the due diligence practices to ensure compliance with the RGG and/or the RRA.

#### **2.6 Continuous Improvement Mechanism**

This Procedure will be reviewed in case of changes in industry standards, regulations, and changes in the nature of suppliers and types of mined metals to ensure its effectiveness. Updated information will be shared with all stakeholders.

#### **2.7 Grievance Mechanism**

AMMC has established the grievance mechanism enabling parties across the supply chain to report any risk, complaints or other grievances, in a confidential, or if chosen, anonymous manner without fear of retaliation, punishment or discipline. An e-mail address [responsible\\_supplychain@agmk.uz](mailto:responsible_supplychain@agmk.uz) is used for this purposes. This way of communication should be publicly available (via publishing on the AMMC's web-site) and communicated to suppliers.

### **3. Risks and CAHRA identification procedure**

#### **3.1 Risks group**

For the purposes of conducting due diligence on the supply chain, in accordance with Annex II of the OECD, and considering ESG factors, the risks associated with metals supply chains have been categorized into the following groups:

Location risk – the metals may originate from conflict-Affected and High-Risk Areas or specific locations with political instability, weak governance, sanctioned, or association with illicit activities such as conflict financing or human rights violations.

Supply Chain risk - complex supply chains involving multiple intermediaries, suppliers with questionable business practices.

Origin of mined metals - metals sourced directly from illegal mines, using child labor or causing environmental damage.

#### **3.2 Risk Classification**

##### **3.2.1 Low Risk**

For location-based low risks, the Mined metals:

- Originates from AMMC's mines or countries with stable governance and strong regulatory frameworks, where there is no history of conflict financing or significant human rights abuses.
  - Sourced from regions with transparent and traceable mining operations, ensuring that the material's provenance can be verified with confidence.
  - Come from mining operations that are independently certified by recognized industry standards (e.g., LBMA, Copper Mark, RMI, or equivalent).
- For supplier-based low risks, the metals-supplying counterparty or other known upstream companies:
- Have no known association with high-risk activities, such as arms trading, money laundering, or politically exposed persons (PEPs).
  - Have not shown any discrepancies in the provided documentation, and all requests for information have been promptly fulfilled.
  - Have robust due diligence procedures in place that are independently verified by a third-party audit or certification body.

##### **3.2.2 Medium Risk**

For location-based medium risks, the Mined metals:

- Originate from, has transited or has been transported via a Conflict-Affected and High-Risk Area (CAHRAs), but the metals-supplying counterparties are intermediaries or traders with internal due diligence procedures in place but lack independent third-party verification or certification (e.g., LBMA, Copper Mark, or equivalent).

For supplier-based medium risks, the metals-supplying counterparty or other known upstream companies:

- Have internal due diligence procedures in place but lack independent third-party verification or certification (e.g., LBMA, Copper Mark, or equivalent).

##### **3.2.3 High Risk:**

For location-based high risks, the Mined metals:

- Originates from, has transited or has been transported via a Conflict-Affected and High-Risk Area (CAHRA)
- Is claimed to originate from a country through which metals from CAHRAs is known, or reasonably suspected, to transit
- Is claimed to have originated from a country that has limited known reserves, likely resources or expected production levels.

- For supplier-based high risks, the metals-supplying counterparty or other known upstream companies:

- Have shareholders, or UBOs, or other metals supplying interests in one of the location-based high-risk criteria

- Have UBOs that are Politically Exposed Persons (PEPs)

- Have activities in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, and sects and their leaders

- Have been known to have sourced the metals from a high-risk country in the last 12 months

- Have material discrepancies/inconsistencies in the documentation provided or have refused to provide requested documentation.

- For type of material-based high risks, the:

- Sourced from ASM

- Produced with the use of mercury

- Contributing to catastrophic harm or highly adverse ESG factors, to the extent that the Refiner is able to identify this

#### **3.2.4 Zero-tolerance risk:**

- The metals is known to originate from areas designated as World Heritage Sites.

- The Mined or Recycled metals is known to be sourced in breach of international sanctions (including but not limited to those of the UN, EU, UK and US).

- The Mined or Recycled metals supplying counterparty, other known upstream companies or their UBOs are known money launderers, fraudsters or terrorists, or have been implicit in serious human rights abuses, or in direct or indirect support to illegitimate non-state armed groups.

- Suppliers involved in:

- any forms of torture, cruel, inhuman and degrading treatment;

- 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

- the worst forms of child labour;

- other gross human rights violations and abuses such as widespread sexual violence;

- war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

- Suppliers, who support (direct or indirect) to non-state armed groups who:

- illegally control mine sites or otherwise control transportation routes, points where minerals are traded 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;

- illegally tax or extort intermediaries, export companies or international traders

### **3.3 CAHRA identification procedure**

For the purposes of this Procedure, we use the following lists to determine conflict-affected and high-risk areas:

- Heidelberg Barometer.

- EU CAHRA list

The areas included in these lists are considered as CAHRAs for the purpose of risk identification process described in section 4..

## 4. Risk-based due diligence

### 4.1 Risk identification process

The AMMC perform supply chain due diligence:

- before entering a new business relationship with a metals-supplying counterparty;
- before concluding new supply contracts, in case of a change in the country of origin and/or transportation routes;
- when receiving additional information from external sources.

#### 4.1.1 Risk identification process for each the risk group

Procedures for location risk identification include:

- Determination of the origin of the metals source (The location of the mine (LSM and ASM)).
- Determination of the general transportation routing of the metals source from origin to the AMCC.

- Verification that sourcing from the Country of Origin is not in breach of any international sanctions.

- Verification that the mine site is not located in a World Heritage Site.

- Procedures for supplier risk identification include:

- Identification and verification of the metals-supplying counterparty's name, physical address, corporate registration and license information, using reliable, independent source documents, data or information.

- Identification and verification of Ultimate Beneficial Owners (UBOs) (defined as 10% or more ownership) and authorised signatories of the metals-supplying counterparty, using reliable and current government-issued photo identity documents

- Confirmation that the metals-supplying counterparty and its UBOs are not named on any government lists as wanted money launderers, or as known fraudsters or terrorists.

- Obtaining the metals-supplying counterparty's business and financial details, and information on the purpose and intended nature of the business relationship.

Procedures for Mined metals from LSM include obtaining, assessing and, where possible, verifying against publicly available information:

- Import/export metals licence for metals supplying counterparty, if applicable
- Mining practice, including processing and transportation method
- Production data and processing capacity, if available
- Sources of any third-party stock, including that from ASM, on the mine site and controls to appropriately manage these

- Anti-money laundering and terrorist financing policies and practices, where relevant

- Bribery and corruption policies and practices, including payment to government

- Human rights policies and practices

- Environmental policies and practices

- Health and safety policies and practices

- Labour policies and practices, if not already covered through other policies collected

- Community engagement programmes

- Ethics and business integrity policies and practices.

When identifying the criteria of High-risk, AMMC determines whether there is independent audit, assurance or certification reports of conformance with recognised responsible sourcing standards. If any, the Compliance Officer should determine whether the supplier's procedures made under other initiatives cover the identified risks.

All procedures should be documented in the LBMA's templates specified in the amendment to this Procedure.

#### ***4.1.2 Monitoring of transactions***

Transactions monitoring include:

- Checking volumes, types and concentrations of metals-bearing material for consistency with previous shipments
- Monitoring the actual transportation routing for each shipment
- Verifying physical shipment against shipping/transportation documents (assays, weights, serial numbers)
- Confirming that documents and materials are consistent with each other (purchase order, goods receipt, invoice) and with the KYC information (mine capacity, origin, sources).

### **4.2 Responses to the identified risks**

#### ***4.2.1 Low Risk***

Supply chains classified as low risk will not trigger any Enhanced Due Diligence and additional risk identification process.

#### ***4.2.2 Medium Risk***

Supply chains classified as medium risk will trigger additional risk identification process.

#### ***4.2.3 High-risk supply chains***

Supply chains classified as high risk will trigger Enhanced Due Diligence for high-risk supply chains.

#### ***4.2.4 Zero-tolerance supply chains***

Where zero-tolerance issues are identified, the AMMC does not enter a business relationship with a metals-supplying counterparty or must terminate an existing relationship immediately.

### **4.3 Enhanced Due Diligence and additional risk identification process**

#### ***4.3.1 Additional risk identification process measures for medium-risk supply chains***

Additional risk identification process for medium-risk metals supply chains include

- The supply chain verification procedures have been documented at the trader and/or supplier level
- Analysis of the applicability of the counterparty's Procedure
- Obtaining internal documents on Procedure compliance
- Confirmation of an independent audit

#### ***4.3.2 Enhanced Due Diligence measures for high-risk supply chains***

##### **4.3.2.1 Enhanced Due Diligence. On-site investigation**

In the event of identifying high-risk supply chain The AMMC undertake an on-site investigation/visit at the location of the metals origin.

The on-site visit:

- Aimed at substantiating the documented KYC information
- Focused on investigating threat financing risks, and the specific supply chain due diligence findings
- Conducted before any transactions occur or, at the least, within six months of the business relationship commencing
- Conducted by competent employees or independent third-party consultants, who are free of any conflict of interest with the supplier. Everyone conducting an on-site visit must commit to reporting truthfully and accurately
- Consult relevant internal and external stakeholders, where applicable
- Fully and accurately documented in the Site Visit Report templates

- Followed up, depending on the number and severity of issues identified and documented in the improvement plans.

#### **4.3.2.2 Enhanced Due Diligence for high-risk LSM**

Enhanced Due Diligence for high-risk LSM metals supply chains include:

- Proportionate KYC on each company involved in the conflict location-based high-risk supply chain from the mine to the refinery (including metals producers, intermediaries, metals traders and exporters, and transporters).

- Understanding the nature of public or private security services provided at the mine sites and through the supply chain (including the screening and training of security personnel in line with the Voluntary Principles on Security and Human Rights).

- Considering the risks of militarisation of mine sites and transportation routes, and direct or indirect support to illegitimate non-state armed group, or public or private security forces.

- Determination of the risk of any serious human rights abuses committed by any party at mine sites, transportation routes and points where metals is traded and/or exported.

- Estimating the number of Artisanal and Small-Scale Miners (if any) on the producer's concession, and:

- Confirming their status as legitimate ASM

- Considering risks of metals from third-party sources unknowingly being introduced into the producer's operations

- Considering the relationship between producer and ASM actors to identify instances of conflict or tension.

- Complete self-declaration of taxes and royalties compliance, as applicable.

- Understanding payments or compensation made to government agencies and officials, public or private security forces, or other armed groups at all points in the supply chain from extraction onwards, unless prohibited by law.

- Considering compliance with environmental, health, safety, labour, community, business integrity regulations, policies and good practices for issues identified in the initial due diligence.

#### **4.4 The management risk strategy**

##### ***4.4.1 The management risk strategy for concluded high-risk supply chains***

###### **4.4.1.1 Terminate relationship**

The AMMC immediately stop refining metals where its EDD concludes that there are known instances of:

- Money laundering

- Terrorist financing

- Serious human rights abuses

- Direct or indirect support to illegitimate non-state armed groups

- Fraudulent misrepresentation of the origin of minerals.

The AMMC report such instances to the appropriate authorities and to LBMA, where applicable, and in accordance with local and international legal requirements.

###### **4.4.1.2 Suspend relationship**

The AMMC suspend refining metals where its EDD concludes that:

- There is a founded suspicion of:

- Money laundering

- Terrorist financing

- Serious human rights abuses

- Direct or indirect support to illegitimate non-state armed groups

- Fraudulent misrepresentation of the origin of minerals
- There are reported catastrophic ESG impacts as defined in the Refiner's classification criteria.

The AMMC may resume once additional information/data refuting the preliminary suspicions or a timely and appropriate response to addressing the ESG impacts has been obtained from the supplier. This should be approved by the Compliance Officer and/or the Board Committee.

#### **4.4.1.3 Continue relationship with improvement plan**

The AMMC may continue to refine metals where the EDD is not fully satisfactory, or where it concludes that the counterparty is using reasonable and good faith efforts despite instances of:

- Bribery
- Non-fraudulent misrepresentation of the origin of minerals
- Non-compliance with taxes, fees and royalties due to government
- Material breaches of environmental, health, safety, labour and community-related local legislation, and/or ESG risks that have the high likelihood to result in highly adverse impacts.
  - In this case, the AMMC require the counterparty to adopt an improvement plan, which is:
    - Devised with the AMMC's input and engagement
    - Clearly documented, including performance objectives and quantitative and/or qualitative performance measurement indicators
      - Approved by the Compliance Officer and/or the Board Committee.
      - This risk management strategy include measurable steps to be taken by the counterparty, performance monitoring, periodic reassessment of risk and regular reporting to the Board Committee.
        - Performance monitoring include:
          - Identify significant and measurable improvements towards eliminating the risk within six months from the adoption of the improvement plan.
          - Define additional measures in a revised improvement plan based on the progress achieved within the first six months.
          - Formally assess performance to determine that measures have been properly undertaken by the deadline (e.g., through independent audits, a follow-up on-site visit or remote review, as appropriate).
            - After the six-month time frame, the AMMC should consider:
              - Suspending the relationship where limited or no measurable improvement can be demonstrated, until the supplier responds to the improvement plan; or
              - Terminating the relationship after failed attempts at risk mitigation and performance improvement.

The Compliance Officer and/or the Board Committee should frequently revisit the decision to continue with business relationships under the risk mitigation strategy (i.e. annually, at a minimum).

#### **4.5 The regular reporting to the Board**

The Compliance Officer should provide to the Board at least the following information each quarters:

- relevant statistics on high-risk supply chains
- counterparty under risk mitigation strategies and status of risk mitigation strategies
- reports on the progress and effectiveness of improvement plans.

Such information should be provided timely and on a regular basis. Based on current assessment of risk profiles of suppliers, the information should be provided annually before the end of the reporting period. Timing and extent of communication with the Board should be regularly reviewed for potential revision.

All data related to communication with the Board and minutes should be properly documented and stored.

#### **4.6 Public Reporting**

##### ***4.6.1 Public Reporting for RGG compliance***

The Compliance Officer is responsible for preparation of Step 5 Reporting on Metals supply chain for reporting to be RGG complaint. This reporting must include:

- General provisions of the supply chain Procedure must be made publicly available.
- AMMC's Compliance Report - The Compliance Report should, as a minimum, meet the requirements outlined in the LBMA's Disclosure Guidance Document. The Compliance Report must be submitted to LBMA and made publicly available.

- Refiner's Country of Origin Annex - The Country of Origin Annex should, as a minimum, meet the requirements outlined in the LBMA's Disclosure Guidance document. The Country of Origin Annex should be submitted to LBMA.

- In addition, Compliance Officer must report any of the following to LBMA, with due consideration of local and international legal requirements:

- Zero-tolerance non-conformances identified during the AMMC's due diligence processes in suppliers or supply chains already onboarded.

- Zero-tolerance non-conformances identified during the AMMC's assurance process.

- Assurance Providers with whom the AMMC has decided to cease engagement as a result of performance issues.

- Reporting period is a period of 12 months, from 1 January to 31 December.

- Step 5 reporting must be issued by the 31 March of the following period.

- For meeting deadlines, the Compliance Officer is responsible for:

- monitoring of the RGG requirements and timely updating of the templates, Procedure and skeleton of the report;

- timely completing the required purchase procedures and signing the agreement with an auditor;

- preparation of a skeleton of the report and obtaining confirmation from the auditor before the end of the reporting period;

- preparation of a preliminary version of AMMC's Compliance Report within a month after the end of the reporting period.

The reviewed version must then be communicated to senior management (refer to section 4.5).

##### ***4.6.2 Public Reporting for RRA compliance***

The Compliance Officer is responsible for preparation of reporting on Metals supply chain for assessment period to be RRA complaint. This reporting must include:

- General provisions of the supply chain Procedure must be made publicly available.

- A description of the management system designed and implemented related to the Procedure.

- The system of control and transparency designed and implemented to collect and retain information necessary for risk identification and explain how the information collected for has strengthened the AMMC's due diligence efforts.

- A summary of the methodology adopted and the results of the risk responses process obtained during the assessment period.

- In addition, if high-risk suppliers are identified in assessment period the report shall describe the methodology adopted and the results of the risk assessment obtained in the assessment period, including information on the methodology and results of the on-the-ground assessment.

- If risks of adverse impacts and/or actual adverse impacts are identified during the risk assessment, the report shall describe the strategy adopted to respond to such risks, including:

- The risk management plan and the actions taken during the assessment period to mitigate risks of adverse impacts and/or actual adverse impacts identified, including, where relevant, the involvement of stakeholders.

- A summary of the methodology for monitoring and evaluating the risk management plan.

- Whether improvement was made towards eliminating the risks of adverse impacts and/or actual adverse impacts.

Assessment period is a period of 12 months, from 1 September to 31 August.

Reporting must be issued by the 31 October of the following period.

For meeting deadlines, the Compliance Officer is responsible for:

- monitoring of the RGG requirements and timely updating of the templates, Procedure and skeleton of the report;

- timely completing the required purchase procedures and signing the agreement with an auditor;

- preparation of a skeleton of the report and obtaining confirmation from the auditor before the end of the reporting period;

- preparation of a preliminary version of AMMC's Compliance Report within a month after the end of the reporting period.

The reviewed version must then be communicated to senior management (refer to section 4.5).

## 5. Know Your Counterparty (KYC) and Supply Chain Due Diligence Record Maintenance Requirements

### 5.1 Record Retention Period

Minimum Retention Period: KYC and supply chain due diligence records must be retained for a minimum period of five years. This period may be extended in cases where ongoing investigations or legal inquiries require longer retention.

Retention Beyond Five Years: In instances where a counterparty relationship or transaction is under review or subject to regulatory scrutiny, records should be maintained beyond the five-year minimum until the matter is fully resolved.

### 5.2 Documentation Requirements for KYC

Counterparty Identification: All KYC records must include comprehensive information to verify the identity nature and legality of all counterparties.

Ownership and Control Structure: For corporate entities, records should document the ownership and control structure, including identifying ultimate beneficial owners (UBOs) who hold significant influence or ownership in the company.

Sanctions and PEP Screening: Documentation of screenings against international sanctions lists, politically exposed persons (PEP) databases, and adverse media checks should be maintained. This includes the results of these screenings and any subsequent investigations or clarifications required due to potential red flags. Red flags are described in section 3.2.

Risk Assessment Profile: KYC records should include the risk assessment of the counterparty, detailing:

- Risk rating based on geographic location, type of business, and history of compliance,
- Justification for the assigned risk rating,
- Any enhanced due diligence (EDD) measures implemented for high-risk counterparties.

### 5.3 Supply Chain Due Diligence Recordkeeping

Supply Chain Maps and Origin of Metals: Comprehensive records of the metals supply chain must be maintained, including details of each link in the chain (from mines to refineries and beyond) and the origin of the metals.

### 5.4. Enhanced Due Diligence (EDD) Records

Documentation for High-Risk Counterparties: When enhanced due diligence (EDD) is performed for high-risk counterparties (e.g., those operating in conflict-affected or high-risk areas), detailed records of additional investigations must be maintained. These records should include:

- Additional documentation requested from the counterparty, such as proof of origin, financial statements, or external audits,
- On-site inspection or third-party audit reports,
- Risk mitigation steps taken, including any corrective action plans or decisions to reject or terminate the relationship.

• Ongoing Monitoring Records: For high-risk supply chains or counterparties, documentation of ongoing monitoring efforts should be maintained, including:

- Periodic risk assessments and updates to counterparty profiles,
- Results of ongoing transaction monitoring,
- Records of any red flags or suspicious activity reports (SARs) filed with regulatory bodies.

### 5.5. Auditability and Accessibility

Electronic Recordkeeping: To ensure records are easily accessible for internal or external audits, The AMMC uses secure electronic document management systems.

Audit-Ready Documentation: All records should be maintained in a format that is readily accessible for audits by internal auditors, external independent auditors, or regulatory authorities (e.g., LBMA or AML regulators). Documentation must be:

- Comprehensive, providing a clear trail of all due diligence steps taken,
- Consistent with internal procedures and external compliance requirements,
- Updated regularly to reflect ongoing due diligence efforts and any changes in the risk profile.

## **6. Employee Training Program for Responsible Metals Guidance (RGG)**

### **6.1. Program Objectives**

**Awareness of Responsible Sourcing:** To educate employees on the importance of responsible metals sourcing, including the social, environmental, and economic impacts of their work.

**Understanding RGG Compliance:** To familiarize employees with the RGG, its requirements, and how their roles contribute to compliance.

**Risk Identification and Management:** To develop skills in identifying and assessing risks related to human rights violations, environmental harm, money laundering, and conflict financing within the metals supply chain.

**Implementation of Due Diligence Practices:** To train employees on implementing due diligence processes, including KYC, transaction monitoring, and reporting procedures for suspicious activities.

### **6.2. Target Audience**

The training program is tailored for various levels of employees, including:

**Board and Compliance Officer:** Understanding overall responsibilities and strategic importance of RGG and RRA compliance.

**Procurement Staff:** Focus on supply chain due diligence, risk assessment of suppliers, and responsible sourcing practices.

### **6.3. Training Methods**

**In-Person Workshops:** Interactive sessions led by subject matter experts that encourage group discussions, role-playing, and problem-solving activities.

**Webinars and Guest Speakers:** Regularly scheduled webinars featuring industry experts and/or regulatory representatives to provide diverse perspectives on responsible sourcing.

**On-the-Job Training:** Practical, hands-on training for operational staff to ensure they understand and can apply compliance measures in their daily activities.

### **6.4 Documentation and Record Keeping**

**Training Records:** Documentation of all training sessions, participant attendance, and assessment results to ensure accountability and compliance with regulatory requirements.

**Access to Resources:** Creation of a centralised repository of training materials, resources, and policies related to responsible metals sourcing that employees can access as needed.