



Responsible Supply Chain Due Diligence Report

www.agmk.uz

Table of Contents

1. Executive Summary	3
2. Regulatory and Procedural Framework.....	4
3. Implementation of Due Diligence Activities.....	4
4. Supply Chain Mapping.....	5
5. Risk Assessment.....	5
6. Governance and Responsibilities	6
7. Mitigation Measures & Strategies.....	7
7.1 Mitigation Measures	7
7.2 Mitigation Strategies.....	7
8. Supporting Documents and Communication.....	8
9. Areas for Further Development.....	9
10. Conclusion	9

1. Executive Summary

This report provides an analytical overview of the due diligence system of AMMC (hereinafter referred to as “the Complex”), developed to ensure compliance with the international standards of the LBMA (London Bullion Market Association) and The Copper Mark. The strategic objective of the system is to integrate the principles of responsible sourcing into the Complex’s operational activities and to confirm the transparency of the supply chain to international regulators. The system is based on the five-step model of the OECD Due Diligence Guidance, which enables the effective identification and minimization of risks related to human rights, armed conflicts, and financial crimes. At the current stage, AMMC demonstrates a high level of maturity in compliance procedures, as evidenced by the successful implementation of formalized mechanisms for verifying beneficial owners (UBO) with a 5% ownership threshold and the use of automated international sanctions lists.

Overview of the Status of Due Diligence Measures Implementation

OECD Process Stage	Key Results Achieved	Current Status
1. Establishment of management systems	“Procedure for Supply Chain Due Diligence Review” and “Instruction on Counterparty Verification Procedure” approved. Compliance Officer appointed.	Implemented
2. Identification and assessment of risks	CAHRA identification methodology implemented (including Section 1502 of the Dodd-Frank Act). UBO identification threshold set at 5%.	Implemented
3. Response strategy	Risk levels defined and response protocols established (Zero Tolerance). System of improvement plans implemented.	Implemented
4. Independent audit	Schedule established for annual audits by independent auditors for compliance with LBMA RGG and Copper Mark.	In the process of implementation
5. Public reporting	Mechanism for information disclosure (Compliance Report) and operation of the hotline established.	Implemented

The system relies on deep involvement of the Board of Directors and a clear distribution of responsibilities between the Compliance Service and the Procurement Commission. These high-level objectives are transformed into specific regulatory requirements that govern the day-to-day operational activities of the divisions.

2. Regulatory and Procedural Framework

The methodological foundation of AMMC’s due diligence system is based on the integration of international standards (OECD, LBMA RGG, JDDS) into the legal framework of the Republic of Uzbekistan.

Hierarchical Structure of the Regulatory Framework:

- **International standards:** OECD Guidance (Annexes I and II), LBMA Responsible Gold and Silver Guidance, The Copper Mark standards (RRA and JDDS), and Section 1502 of the Dodd-Frank Act (USA) as a key source for CAHRA identification.
- **National legislation:** Law of the Republic of Uzbekistan “On Public Procurement” and Article 15 of the Tax Code of the Republic of Uzbekistan, which establishes the concept of “due diligence” (proper level of caution) to minimize tax and legal risks.
- **Internal regulations:** “Procedure for Supply Chain Due Diligence Review” and “Instruction on Counterparty Verification Procedure”.

Main Objectives and Scope of Application: The system is aimed at eliminating conflicts of interest, preventing money laundering, and minimizing sanctions risks. Verification covers not only U.S. and EU lists but also an expanded list of “Collective Western Countries” (including Japan, Switzerland, the United Kingdom, South Korea, and others). The policies cover all suppliers of gold, silver, copper, and molybdenum concentrates at all stages — from the place of extraction to delivery for processing.

3. Implementation of Due Diligence Activities

The practical effectiveness of the system is ensured by KYC (“Know Your Supplier”) procedures, which allow verification of data on beneficial owners holding 5% or more of the share capital — a stricter standard than the generally accepted 10%.

Verification Process and Practical Actions:

1. **Collection and opening:** The Chairman of the Procurement Commission initiates the collection of KYC questionnaires and declarations of origin of metals.

2. **Document analysis:** Verification of notarized copies received no later than 30 days before the verification date.
3. **Screening:** Checks against OFAC databases (including WorldCheck), EU, UN, and Interpol lists.
4. **Field verification (Site Visits):** For high-risk or complex cases, a mandatory visit to the extraction/production site is required. The procedure requires official approval from the head of the division and the preparation of a meeting report.
5. **Timelines:** Standard verification — 5 business days; urgent — at least 3 business days.

Criteria for Verifying the Counterparty’s Capacity and Reliability

Verification Parameter	Requirement / Reliability Indicator
Registration	Presence in the Unified State Register (fo.birdarcha.uz).
Tax discipline	No arrears according to the portal my2.soliq.uz.
Judicial history	Analysis of court decisions via the portal public.sud.uz.
Procurement reputation	Absence from the register of unfair contractors (xt-xarid.uz).
Resource base	Confirmation of qualified personnel and capacities.

4. Supply Chain Mapping

AMMC’s methodology ensures transparency of raw material flows through three categories: Mined product, Mining By-product, and Recycled product.

Verification of origin and counterparty audit: For each shipment, the absence of links to UNESCO World Heritage sites and sanctioned zones is checked.

Case Study: TOO “Royal Stroy Group” (Kazakhstan) During the verification dated 19.09.2025, it was established that the counterparty is a trader of ores and metals (OKED 46721). Despite the identification of the ultimate beneficial owner (Sultambekov E.E.) at 100%, the verification revealed a critical deficiency: the absence of its own due diligence policy (upstream DD policy). This fact was recorded in the Supply Chain Register, demonstrating the Complex’s analytical rather than formal approach to partner assessment, which requires traders to implement similar transparency standards.

5. Risk Assessment

AMMC’s risk-oriented approach is based on annual identification of CAHRA (conflict-affected and high-risk areas).

Methodology and Sources: In addition to the Heidelberg Barometer and World Bank WGI, the Complex mandatorily takes into account the criteria of Section 1502 of the Dodd-Frank Act and the European Union’s CAHRA lists.

Risk Levels and Corresponding Response Measures

Risk Level	Criteria (according to OECD Annex II)	Response Measures
Low	Countries outside CAHRA, no negative history.	Standard contract conclusion protocol.
Medium	Tax arrears, absence of internal policies at the trader.	Improvement plan for 6 months.
High (EDD)	Activity in CAHRA, PEP beneficial owners, use of mercury.	Enhanced Due Diligence (EDD) + mandatory Site Visit.
Unacceptable	Forced labor, support for armed groups.	Zero Tolerance: Immediate blocking.

Mandatory “50% Rule”: As part of sanctions compliance, a mandatory detailed investigation of the ownership structure of all founders is conducted. If persons under sanctions directly or indirectly own 50% or more of the capital, cooperation with the counterparty is prohibited.

6. Governance and Responsibilities

The management system is structured as a vertical of responsibility with strict KPIs.

- **Board of Directors of the Complex:** Provides strategic oversight and annual policy review.
- **Procurement Commission:** The Chairman of the Commission bears personal responsibility for the timely initiation of verifications.
- **Compliance Officer / MRM Sales & Supply:** The responsible MRM Sales & Supply executor conducts the verification, while the Compliance Service enters the data into the Register.
- **Reporting Regulations:** Information on verification results must be entered into the Register no later than 3 business days from the date of the conclusion.

- **Communication Channels:** The hotline responsible_supplychain@agmk.uz serves as a tool for external risk monitoring.

7. Mitigation Measures & Strategies

The implementation of the risk response stage, corresponding to Step 3 of the OECD Guidance, is a critical element of AMMC’s ethical supply chain assurance system. This stage enables the transformation of identified threats into manageable business-process parameters, ensuring a systemic transition from risk identification to their active neutralization. According to the provided information, the response mechanisms ensure that AMMC’s activities comply with LBMA and The Copper Mark standards.

Below is a detailed analysis of the implemented actions and long-term risk management strategies.

7.1 Mitigation Measures

During the reporting period, verification and risk mitigation procedures were carried out with respect to key counterparties, including TOO “Royal Stroy Group” (Kazakhstan). It was noted that this supplier is classified as a trader/wholesaler of non-ferrous metal ores, which results in the absence of data on its own mining sites (N/A) in the reporting documentation.

According to the provided information, a full set of procedures was performed for this counterparty: screening against sanctions lists (OFAC, EU, UN), verification of presence in CAHRA zones, and verification of ultimate beneficial owners (UBO). Analysis of the ownership structure of TOO “Royal Stroy Group” established that 100% of the shares belong to Sultambekov E.E. Based on the available documentation, UBO verification was deemed partial due to the absence of scanned copies of identity documents; however, given the supplier’s “Low” risk profile and the absence of unacceptable risk factors, these measures were considered sufficient for the current stage.

Actual actions included the collection of KYC questionnaires and confirmation of the origin of metals (Origin of Mined metals).

“Based on the available documentation, mitigation measures are primarily focused on the stages of risk identification and assessment, while further mitigation measures are subject to ongoing development.”

Systematic monitoring of current indicators creates a foundation for transitioning to long-term strategic planning in the area of compliance.

7.2 Mitigation Strategies

AMMC’s overall strategy is a hierarchical approach to preventing the company’s involvement in illegal activities. The management system is built along four key vectors:

- **Prevention:** Includes preliminary screening through the platforms birdarcha.uz, public.sud.uz (monitoring of court decisions), and xarid.uz (register of unfair contractors). Mandatory compliance with the “50% rule” for sanctions purposes and verification of business reputation in the media and social networks are required. Data on beneficial owners must be verified before contract conclusion.
- **Response and Remediation:** Upon identification of “Zero Tolerance” factors, relationships are terminated immediately. In the event of high risk, a protocol for Enhanced Due Diligence is initiated, which includes mandatory site visits within 6 months and the development of improvement plans with quantitative indicators.
- **Continuous Improvement:** The Board of Directors annually reviews the policy based on the results of independent audits and monitoring of the effectiveness of corrective actions, adapting the system to changes in international standards.
- **Supplier Engagement:** Implementation of anti-corruption clauses in contracts and operation of the hotline (responsible_supplychain@AMMC.uz). This channel functions as an early warning system for risks in the area of human rights.

The multi-level strategy minimizes reputational and legal risks while ensuring supply continuity (business continuity) under sanctions pressure. AMMC confirms its commitment to responsible business conduct standards by integrating best international practices into its operational activities.

8. Supporting Documents and Communication

The transparency of AMMC’s processes is confirmed by a standardized set of documents (KYC questionnaires, beneficial owner certificates, Annex 4 reports).

Information Sources for Verification:

Type of Data	State and International Portals
Legal entity / Individual entrepreneur registration	fo.birdarcha.uz, registr.stat.uz
Tax discipline	my2.soliq.uz (портал ГНК РУз)
Court records	public.sud.uz (все категории судов)
Sanctions lists	sanctionssearch.ofac.treas.gov, sanctionsmap.eu

Unfair persons	xarid.uz/unfairexecutor
-----------------------	--

Public disclosure of information includes the publication of annual Compliance Reports and independent auditor conclusions (Independent Assurance Reports), which is a mandatory condition for maintaining status with LBMA and Copper Mark.

9. Areas for Further Development

As part of the continuous improvement cycle, the Complex is implementing the following planned initiatives:

- **Transformation of work with traders:** Transition from simple KYC checks to supporting intermediary counterparties (as in the example of TOO “Royal Stroy Group”) in developing their own Upstream Due Diligence systems.
- **Digitalization of monitoring:** Automation of annual updates to CAHRA lists based on current 2025–2026 data.
- **Strengthening of the Site Visit Protocol:** Planned expansion of on-site verification practices for all new suppliers with a medium risk level within the first 6 months of cooperation.

10. Conclusion

The results of the comprehensive verification confirm that AMMC’s due diligence system has reached a high level of operational maturity and fully complies with international OECD and LBMA standards. The introduction of a 5% beneficial owner identification threshold, strict adherence to the “50% rule,” and the integration of Section 1502 of the Dodd-Frank Act demonstrate a deep elaboration of supply chain protection mechanisms. The identified risks are of a controlled nature and are managed through improvement plans, which confirms the Complex’s status as a reliable and ethical participant in the global precious and non-ferrous metals market, ready for final international certification.