

MKS PAMP SA
C/O Marwan Shakarchi
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Geneva, 31 March 2022

Independent accountant's assurance report on MKS PAMP SA's LBMA & LPPM Compliance Report 2021

Scope

We were engaged by MKS PAMP SA to perform a reasonable assurance engagement, as defined by International Standards on Assurance Engagements, here after referred as to the engagement, to report on MKS PAMP SA's LBMA & LPPM Compliance Report 2021 dated 14 March 2022 for the reporting period from 1 January to 31 December 2021 (the "Compliance Report").

Criteria applied by MKS PAMP SA

In preparing the Compliance report, MKS PAMP SA applied the *LBMA Responsible Gold Guidance, v8 11.12.18*, the *LBMA Responsible Silver Guidance v1 01.09.17*, and the *LPPM Responsible Platinum & Palladium Guidance v2 01.02.20* (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 an opinion 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 10 February 2022. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Compliance Report is presented 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 reasonable basis for our opinion.

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.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the *Audit Guidance* to carry out the assurance engagement.

Description of the procedures performed

We have planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- ▶ Walking through MKS PAMP's due diligence process to gain an understanding of implemented controls and procedures
- ▶ 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 visits to the refinery to evaluate if the management system is in place as described in the Refiner's Compliance Report
- ▶ During site visits we have interviewed personnel from the department that are directly linked with either sourcing, processing or storing the gold
- ▶ 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

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

Opinion

In our opinion, MKS PAMP SA's Compliance Report for the period from 1 January to 31 December 2021, is presented, in all material respects, in accordance with the LBMA and LPPM *Guidance* and *Audit Guidance*.

Ernst & Young Ltd

Partner

Senior Manager

Enclosure: Copy of the Compliance Report dated 14 March 2022



MKS PAMP

MKS PAMP SA LBMA/LPPM Responsible Sourcing Guidances' Compliance Report

Introduction

MKS PAMP SA is active in the sourcing, trading, transformation and manufacturing of precious metals and operates an accredited LBMA/LPPM Good Delivery refinery.

In November 2021, MKS (Switzerland) SA and PAMP SA have combined their respective business operations into MKS (Switzerland) SA, which has been simultaneously renamed MKS PAMP SA. The combination has grouped the refining, manufacturing and trading services into one company to create greater opportunities and increase value creation for all our stakeholders. The PAMP product brand, the hallmark and bars remain unchanged.

We source from recycled and mined precious metals supply chains in over 40 countries. Regarding the mined precious metals supply chain, we source predominantly from large well-established industrial mines located in Europe, North America, South America, Africa, Asia and Oceania. Since last year, we are proud to source as well from responsible small-scale and artisanal operations and support these local and traditional mining activities.

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

The *LBMA Responsible Gold and Silver Guidance* as well as the *LPPM Responsible Platinum and Palladium Guidance* 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 and combating terrorist financing practice. In addition, the LBMA has continuously enhanced over the years its Responsible Gold Guidance as well as extending its scope to recognise the increasing importance of having a strong corporate governance as well as addressing environmental and social responsibilities in order to operate in a more sustainable way.

The MKS PAMP GROUP, operates two refineries among its entities, and commits to the following in order to lead by example:

- make Responsible Sourcing a central tenet of its Group policies and operating Procedures.
- stringently apply those Responsible Sourcing guidances to all Group companies around the world which are involved in the precious metal business in addition to its refineries.
- apply the requirements of the most stringent guidance, the LBMA Responsible Gold Guidance, to all precious metals sourced.

As a result, all precious metals feedstock sourced by MKS PAMP SA and refined either by its own refinery in Ticino, or by its sister company MPMC PAMP India Private Limited, fully comply with the requirements of the LBMA Responsible Gold and Silver Guidances as well as the LPPM Responsible Platinum and Palladium Guidance.

Compliance with LBMA and LPPM regulations is part of our broader ESG approach to uphold and effectively advance industry standards to maximize our positive impact on stakeholders. Notably, in 2021, we worked with external evaluators (S&P Global and E&Y) to measure the GHG emissions at our office in Geneva, our production site in Ticino, and across our supply chain. Following the evaluation, MKS PAMP SA set near-term GHG reduction targets for Scope 1, 2, and 3 in line with the Paris Agreement goals. For Scope 1, we chose a 1.5-degree scenario. For Scope 2, a 100% renewable electricity sourcing target. For Scope 3, a well-below-2 degree scenario. Our target year is



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2030. These targets have been submitted to SBTi and will be reviewed for validation in May-June 2022. Our ESG initiatives are disclosed in yearly sustainability reports to ensure constant transparency with our stakeholders.

In addition, MKS PAMP SA is a Swiss financial intermediary subject to the Swiss AML regulation and supervised by a self-regulatory organisation approved by the Swiss Financial Market Supervisory Authority. As such, we are audited on a yearly basis by accredited independent auditors to assess our compliance with the Swiss AML regulation; including processes, due diligence carried out as well as monitoring of relationships and transactions.

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 2021 to 31 December 2021
Precious metals in the scope of the LBMA/LPPM Responsible Sourcing audit	Gold, Silver, PGMs
Date of Report	March 14, 2022
Senior Management responsible for this report	Marwan Shakarchi, Chief Executive Officer

This report summarizes how MKS PAMP SA has complied with the requirements of the LBMA Responsible Gold and Silver Guidance, and of the LPPM Responsible Platinum and Palladium Guidance during the year 2021 for all types of precious metals sourced, as well as the extra steps MKS PAMP has completed.

MKS PAMP SA's evaluation

The following table lists the minimum requirements that must be satisfied in order to be compliant with both the LBMA Responsible Gold and Silver Guidances and the LPPM Responsible Platinum and Palladium Guidance. In addition, it discloses the extra steps MKS PAMP has completed beyond the Guidances.

Table 2: Summary of activities undertaken to demonstrate compliance

Step 1: Establish strong company management systems

Compliance Statement with Requirement:

We have fully complied with Step 1 Established strong management systems.



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1.1 MKS PAMP SA has adopted a policy regarding due diligence for precious metals supply chains

Comments and Demonstration of Compliance:

MKS PAMP has offices in Geneva and operates a precious metal refining and manufacturing operation in Castel San Pietro in Switzerland.

Our Responsible Precious Metal Group Policy is fully compliant with the model set out in the Annex II of the OECD due diligence guidance. This sets out in particular our responsibility to establish strong company management systems to fight serious abuses of human rights, to avoid contributing to conflict over our supply chain as well as to perform appropriate and risk based (a) due diligence over our counterparties and precious metal supply chain and (b) scrutiny and monitoring of transactions.

In addition to the OECD due diligence guidance, our Precious Metal Policy also includes requirements to:

- comply with the highest standards of anti-money laundering (AML)
- combat terrorist financing (CFT)
- address social, environmental and sustainability responsibilities

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”),
- 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 with Environmental and Sustainability legal requirements

All our counterparties go through our 4-steps approval process that includes i) a pre-approval from the Executive Management Committee; ii) a formal approval from the Relationship Manager; iii) a formal approval from the Compliance Team; and iv) a final validation by two members of the Executive Management Committee.

Our Responsible Precious Metal Group Policy is approved by the MKS PAMP GROUP board of directors, reviewed annually and updated when circumstances require. Our policy and procedures are currently under review in order to integrate our new commitments based on the version 9 of the LBMA Responsible Gold Guidance. The Policy is communicated to all our employees and publicly available on our website. This Policy is communicated to – and part of our commercial agreements with – all our precious metals counterparties. We also encourage our counterparties to further communicate our Policy to their employees and own supply chain actors.



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1.2 MKS PAMP SA has set up an internal management structure to support supply chain due diligence

Comments and Demonstration of Compliance:

Management Structure

Senior Management 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 Compliance Team composed of three experienced persons has been assigned to manage the process and reports directly to the Chief Executive Officer. In case of opinion divergence with Management, the Compliance Team has a direct reporting line to the independent members of the board of directors. The Compliance Team presents each quarter a regulatory update to the Board of Directors and once a year the Compliance risk matrix. The Compliance Team is supported by an onboarding Team of two persons.

Systems

MKS PAMP SA has an internal management system to support precious metals supply chain due diligence, which includes in particular the definition of role and responsibility, due diligence checklist and toolkit and a robust traceability system database recording each lot refined.

Our internal checklist and toolkit are continuously reviewed and amended when circumstances require. For instance, in 2021, we decided to improve the LBMA KYC questionnaire in order to cover more environmental topics, such as issuance of CO₂ emissions.

During 2021, we developed a Customer Relationship Management (CRM) system to better integrate interaction with the counterparts, approval workflow and archiving of data. The CRM also enhances the digitalisation steps on due diligence documentation and streamlines the different steps of on-boarding and approval process. We are also in the process to implement a fully automated KYC screening tool that will be used on all our counterparts, authorised signatories and ultimate beneficial owners.

No relationship can be established, and no transaction can be accepted until the due diligence is finalized, any required clarification received. The green light shall be given by the Compliance Team and by Senior Management. Due diligence issues identified over the course of a relationship are escalated to the Compliance Team and Senior Management. Electronic approval into our Trading and Risk Management system is required by Compliance for any new counterpart or any change of information about the counterpart. Therefore, no transaction can be recorded without the electronic approval by the Compliance Team.

Compliance

The Compliance Team is responsible for 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.

In particular, the Compliance Team reviews the customer due diligence prepared by the Relationship Managers and their support teams and assesses if the due diligence is adequate. Additional documentations, information or clarification is required if necessary. The Compliance Team performs in addition periodic and event-driven reviews of counterparty's due diligence files. It also ensures the keeping and archiving of files of business relationships subject to AML and Responsible Sourcing requirements.

The Compliance Team also supervises the internal training program on due diligence, AML and responsible supply chain. The program includes face to face or video conference training sessions organized internally or externally. During 2021, AML training has been organized by the Association Romande des Intermédiaires Financiers, which is a Self-Regulatory Organization, regulated by the Swiss Financial Market Supervisory Authority. Internal training sessions have also been organized to provide an internal regulatory update, with an emphasis on the new requirements of the LBMA RGG version 9. Our training program has been reinforced in 2021 with online training sessions. This training program which focuses on AML and responsible supply chain has been organized in collaboration with Thomson Reuters.



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The Compliance Team is responsible for preparing and updating the internal policies, for providing comprehensive information to Senior Management in order for them to perform their duties and support the business lines in all matters regarding AML-CTF and responsible sourcing. In addition, the Compliance Department decides in agreement with Senior Management of the reporting of suspicious transaction and the freezing of assets in compliance with local regulation. During 2021, no such reporting was made.

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

We have also fostered a Compliance culture within our company by establishing an extensive communication between the Relationship Managers, the Compliance Team and the Senior Management through trainings and regular pre-onboarding meetings where all actors share their respective expectations. MKS PAMP also relies on the broad expertise and knowledge of Relationship Managers to perform an initial assessment of prospects and eliminate those not meeting expectations at a very early stage of the onboarding process. During the year, we have as well drafted a newsletter informing the Senior Management, the Relationship Managers and their support teams about the changes resulting from the version 9 of the LBMA RGG. This newsletter will assist them in their communication with our counterparts to further explain the main changes that will occur in 2022.

During 2021, no due diligence failures triggering an internal sanction were reported. Full due diligence in compliance with LBMA/LPPM responsible sourcing standards has been conducted on all our counterparties; no exception has been reported during 2021.

1.3 MKS PAMP SA has established a strong internal system of due diligence, controls and transparency over precious metals supply chain, including traceability and identification of other supply chain actors

Comments and Demonstration of Compliance:

MKS PAMP SA has a robust traceability system database that records supply chain information and documents for each lot sent for refining to the MKS PAMP GROUP refineries with a unique identification number allocated. For each lot, the system captures data such as the country of origin, the type of material (i.e. mine / recycled), pictures taken, shipping information, purity and weight. Each step of the process from arrival to the refinery until the end of the processing is fully documented. We are currently working to strengthen our supply chain traceability system, in order to document in more granularity the type of material received for each lot in line with the version 9 of the LBMA RGG.

Specific and relevant transactional documentation as per our internal guidelines must be received and verified before the processing of any precious metals. Such documentation is attached to each lot in the system and properly archived. All documentation is collected and verified by the Operation Team. The Compliance Team performs a second level control and all transactions, irrespective of their risk classification are reviewed daily by the Compliance Team. The Compliance Team reviews not only the documentation received, but also checks if the product received is in line with the product expected based on the due diligence file. In addition, shipments coming from countries considered as high-risk as per our internal guidelines are flagged in the system. Furthermore, our internal system generates alerts depending on specific scenario defined, such as discrepancies in purity or country of origin. Alerts are reviewed and analysed by the respective teams in charge.

During the year, we have not faced any incidents relating to the identification of our counterparts, the origin of precious metals nor on traceability.

In order to strengthen our AML program, MKS PAMP has a policy forbidding the execution or receipt of third party payments. The Compliance Team and Treasury Team approve all standard settlement instructions in the system and therefore ensure a full compliance of that policy. In addition, MKS PAMP bans cash transaction and therefore all currency and metal payments are made through international banking channels.



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Transparency extra step

In 2019, our Group launched our Provenance solution, a cutting-edge segregation and traceability solution that utilizes the blockchain technology to track & trace the global precious metal supply chain, from source to end-product, guaranteeing a full physical traceability throughout the refining process. 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. We are proud to see an increased interest from downstream actors for our Provenance solution, showing the substantially increased demand for our fully transparent and traceable supply chains.

During the year, we are proud to have joined our forces with De Pury Pictet Turrentini, a leading fund manager based in Geneva and Zurich, to launch a fund investing in physical impact Gold. This Swiss Positive Gold Fund, authorized by FINMA, gives investors access to traceable and sustainable physical gold. This is assured through our Provenance Program describe above.

1.4 MKS PAMP SA has strengthened company engagement with precious metals supplying counterparties, and where possible, assists precious metals supplying counterparties in building due diligence capabilities

Comments and Demonstration of Compliance:

We only believe in long term relationships based on trust and mutual recognition. Therefore, we never accept one off transactions. For mined materials, our preferred approach is to onboard sources directly to have a direct access to the key stakeholders to strengthen the due diligence made.

Our Refining Agreement specifically refers to and includes our Responsible Precious Metal Group Policy and the Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

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 visit to explain the regulatory environment, our expectations, best practices seen in the market and provide them with help or guidance encouraging 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. 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, we introduce our counterparts or prospects to not-for profit associations aiming to improve social and environmental practices.

We are currently preparing a mailing to our counterparts to explain our new expectations following the issuance of the version 9 of the LBMA RGG.

During the reporting period, we have not sourced mined precious metals from Governments or state-owned entities.

1.5 MKS PAMP SA has established a company-wide communication mechanism to promote broad based employee participation and risk identification to management

Comments and Demonstration of Compliance:

Our Group has a mechanism allowing any employee, supply chain actor or stakeholder to voice any concerns over the precious metals supply chain or newly identified risk. The functional mailbox responsiblepm@mkspamp.com has



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been established and is reviewed by the Compliance Team. Compliance Team will also treat any anonymous grievance. All relevant enquiries are treated directly by the Compliance Department. This mailbox address is available on our Precious Metal Policy which is available on our website and systematically communicated during internal trainings. Grievance cases are reported in the quarterly compliance update shared to the Board of Directors.

During 2021, we have not received any direct grievance through our grievance mechanism. In October 2021, we have been contacted by the LBMA for a grievance received from an NGO on a large scale mine in Africa. This NGO supports affected communities to defend their rights and the environment in the face of harmful business activity. Based on our due diligence, on-site visits, including a visit to the community villages and clarifications obtained from the mine, we did not identify significant environmental issues or serious human rights abuse which should lead to disengagement, suspension or risk mitigation strategy. In order to support communication improvements between the mine and the surrounding communities, we organized and participated to discussions with the NGO and the mine, and encouraged both to establish direct contacts. The NGO and the mine have since agreed to enter into a voluntary mediation process. The LBMA have been made aware of the results of our discussion.

In June 2019, the LBMA invoked an Incident Review Process to our refining plant MMTC-PAMP in response to allegations reported by the media of personal injuries at the North Mara mine. For further details on the measures taken, please refer to step 3 below.

Step 2: Identify and assess risks in the supply chain

Compliance Statement with Requirement:

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

2.1 MKS PAMP SA has a process to identify risks in the supply chain

Comments and Demonstration of Compliance:

MKS PAMP SA identifies and assesses risks in the supply chain. We have established our criteria for high-risk categories and systematically apply them to all our precious metal supplying counterparties. In order to determine conflict-affected, human rights abuses and money laundering high-risk areas, we use several reliable external data sets as basis of this analysis. Such data comprise the Conflict Barometer issued by the Heidelberg Institute for International Conflict, the Human Freedom Index issued by the Cato Institute, Financial Action Task Force (FATF) lists, the covered countries as per Conflict Minerals Dodd Frank Act, the high-risk conflict transit zones identified by the UN and sanction lists. We have added this year in our analysis the UNICEF index, the EU CAHRA's list and the fragile state index rate as outlined in the version 9 of the LBMA RGG. The list of high-risk countries is reviewed annually.

Supply chains could be assessed as high-risk due to their location in high-risk areas, due to the profile of the supply chain (such as use of mercury or artisanal mining) or counterparty type, such as Politically Exposed Persons (PEP), offshore company, or counterparties active in higher risk businesses.

We conduct due diligence following a risk-based approach and allocate a risk profile according to our risk profile criteria. The due diligence toolkit has been developed to capture relevant information required to assess all risks listed in our supply chain policy (see step 1.1). This process is a formal requirement conducted before entering into any business relationship with a precious metal supplying counterparty. Risk classification is determined by the Relationship Manager based on MKS PAMP GROUP high-risk criteria and reviewed, assessed, and validated by the Compliance Department. The Compliance Department has the power to override any risk classification and determine a relationship as high-risk even if no high-risk criteria are met. Risk level and risk assessment is documented directly in our new CRM and approved by Compliance before final approval by Senior Management. Risk is reassessed at periodic and event-driven review of the due diligence file is conducted.



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2.2 MKS PAMP SA assesses risks in light of the standards of their due diligence system

Comments and Demonstration of Compliance:

Due diligence

Supply chain due diligence following a risk-based approach is performed before entering into a business relationship and on an on-going basis with any precious metals supplying counterparty. All our counterparties and their ultimate beneficial owners are also screened at onboarding and during the course of the relationship against external databases. Based on the due diligence conducted, the following risks are assessed: human rights abuses, money laundering, terrorism financing, sanction violation, contribution to conflict, corruption, support to illegitimate non-state armed groups, public or private security forces, fraudulent misrepresentation of origin of materials, non-compliance with local tax regulation, and non-compliance with environmental local legislation.

Enhanced due diligence

We also perform enhanced due diligence for higher risk categories. Our high-risk supply chain is categorized high-risk mainly as a result of the location of the operations in a high-risk country or because an authorised signatory or an ultimate beneficial owner has a political exposure (incl. role as board member of a State-owned entity). We have two supply chains categorized high-risk due to the fact that they source from artisanal or small scale mine. Only few counterparts have been classified high-risk due to an override of the risk rating.

Relationships considered as high-risk are reviewed annually and submitted to Senior Management for validation. Non-high-risks 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, change in the supply chain.

In compliance with the LBMA responsible program, all our high-risk supply chains are visited. In addition, we aim to visit all our non-high-risk mining sources. 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. Despite COVID-19 pandemic, we managed to visit all our high-risk mining supply chains that should have been visited during 2021, with some minor delays from our initial plan. Such visits are fully integrated in our due diligence program and we use the LBMA on-site toolkit to document the visits. During the year, our Team has visited 10 counterparties as well as a number of prospects. These visits have not triggered the identification of new risks.

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. 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.

Supply chain (including ASM)

We source from recycled and mined precious metals supply chains. 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.

In our drive to support responsible ASM last year, we extended our supply chain to two precious metals aggregators located in Latin America who source from small-scale operations and support these local activities. As part of our due diligence process, we visited 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. Where possible and when sanitary situation permitted, meetings were also organized with local authorities.



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This year, we are proud to have added a supply chain where gold is sourced from a network of traditional artisanal gold miners, through one of the above-mentioned aggregators and with a full traceability. This chain is also supported by the Swiss Better Gold and can therefore benefit from a premium to support miners' livelihood. It is a great success to provide traditional alluvial miners an access to the international market and promote formalisation of this sector.

Two of our supply chains in Latin America are still using mercury. Although mercury is used in a contained manner and in compliance with local environmental regulations, our aim is to find alternative solutions to mercury. We therefore discuss, encourage, and support the plans taken by the mines to replace mercury. We visited the mines to have a full understanding of the process and assess properly the risk linked to the use of mercury. We also discussed with environmental agency about the use of mercury by small scale mines and alternative solutions. We introduced them to a Swiss Better Gold Association to help them apply better ESG practices, including elimination of mercury. This association accepted to support these mines and provide further assistance towards the reduction and elimination of mercury. On-site visits continue to be conducted on a regular basis to follow improvements made.

Our Group continues to actively participate in a number of different initiatives aiming to source or facilitate sourcing from artisanal mines, to provide them with technical assistance towards mining best practices as well as direct access to the international markets.

2.3 MKS PAMP SA reports risk assessment to Senior Management

Comments and Demonstration of Compliance:

Senior Management approves all new counterparts. In addition, Senior Management revisits each year the decision as to whether continue with business relationships categorized as high-risk. The Compliance Team prepares on a yearly basis a report on high-risk suppliers to Senior Management in order for them to perform their duties. Whenever required, the Compliance Team escalates concerns to Senior Management. Senior Management retains the ultimate control and responsibility for the precious metal supply chain.

Furthermore, the Compliance Team produces Key Performance Indicators used to review the effectiveness and performance of the supply chain due diligence procedure. These KPIs are submitted to the Board of Directors on a quarterly basis. The Compliance Team also prepares each year a reputational risk matrix and risk assessment which is approved by the Board of Directors.

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

Compliance Statement with Requirement:

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

3.1 MKS PAMP SA has devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade; (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk

Comments and Demonstration of Compliance:

During the reporting period, we have not disengaged or suspended a relationship due to compliance risk. We have however declined on a number of new relationships based on preliminary or full due diligence work.



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During this reporting period, we have sourced gold from the North Mara Gold Mine in Tanzania (NMGM). In June 2019 NMGM was subject of certain allegations relating to personal injury claims and environmental pollution. Since last year, gold produced by NMGM is refined by us and by our sister company MMTC-PAMP.

After considering the allegations with NMGM, MKS PAMP GROUP has taken the following steps:

- In June 2019, a public announcement relating to the allegations was issued detailing the actions the MKS PAMP GROUP has taken, please [refer to statement](#);
- as an extra step, the independent environmental and social consultant Synergy Global was appointed to conduct a detailed independent assessment at the NMGM. Senior representatives from the Synergy Global 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 Global to continue trading with NMGM while engaging with Barrick Gold Corporation on the mitigation of certain risks identified by Synergy Global;
- undertake quarterly monitoring of the implementation by NMGM of the recommendations issued by Synergy Global;
- MKS PAMP GROUP further mandated Synergy Global in December 2020 to conduct an independent 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 Global. The outcome of that separate independent review concluded that significant improvements have been achieved towards the management of the risks previously identified by Synergy Global. As a result of those improvements and on the recommendations of Synergy Global, MKS PAMP GROUP decided to continue trading with NMGM.
- In December 2021, we renewed our mandate with Synergy Global to perform a new independent desktop review of the progress made at NMGM. Synergy indicates that there is continued improvement at NMGM towards managing the identified risks and confirmed that they were not aware of any evidence that warranted us to suspend or discontinue our existing trade and engagement with the mine.
- A new on-site visit will be conducted in 2022 by Synergy Global.

The LBMA has expressed its satisfaction with MKS PAMP GROUP's due diligence work at the NMGM in its 2020 and 2021 Responsible Sourcing Report.

3.2 Where a management strategy of risk mitigation is undertaken, it should include measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk, and regular reporting to designated senior management

Comments and Demonstration of Compliance:

We have engaged and will continue to engage with Barrick on the mitigation of the identified risks at NMGM, as well as regularly update Senior Management and take action if and when necessary.

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

Compliance Statement with Requirement:



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MKS PAMP has engaged Ernst & Young Geneva, an independent third-party auditor approved by the LBMA to perform an audit on its compliance with LBMA/LPPM responsible sourcing guidance.

Comments and Demonstration of Compliance:

The independent assurance report will be available on MKS PAMP's website when issued.

No non-conformance has been identified by our auditors for the reporting period ended December 31, 2021. No non-conformance has been identified since the implementation of the guidance.

Step 5: Report on supply chain due diligence

Compliance Statement with Requirement:

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

Comments and Demonstration of Compliance:

Our Responsible Precious Metals Group Policy is available on the MKS PAMP website. Our 2021 Compliance report with the audit report will be available on the MKS PAMP website when issued. Previous year Compliance reports with audit reports are as well 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
 - 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 3.1 above.
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MKS PAMP SA's overall conclusion

Table 3: Management conclusion

Is MKS PAMP SA in compliance with the requirements of 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 leading the industry to further enhance due diligence standards and practices.
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	MKS PAMP SA has implemented effective management systems, procedures, processes and practices to conform to the requirements of the <i>LBMA Responsible Gold and Silver</i>
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MKS PAMP

Guidances as well as the LPPM Responsible Platinum and Palladium Guidance for all its precious metals supply chain, as explained above in Table 2, for the reporting year ended 31 December 2021.

We have committed to the LBMA in January 2022 to implement the version 9 of the responsible gold guidance.

Table 4: Other report comments

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
