



AGK First DMCC

Responsible Supply Chain Policy

("Supply Chain Policy")

Revision History

Version	Date	Highlight
Original	31 Aug 2022	Policy implementing the UAE Regulations and OECD Guidelines for Responsible Sourcing of Gold
Version 2	01 March 2023	Amended to reflect adoption of new corporate name

Approved by


**AGK FIRST DMCC
Management**



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Introduction

AGK acknowledges that in conflict-affected and high-risk areas, companies involved in mining and trade in minerals have the potential to generate income, growth and prosperity, sustain livelihoods and foster local development. In such situations, AGK may also be at risk of contributing to or being associated with significant adverse impacts, including serious human rights abuses and conflict.

AGK shall be guided by the framework for detailed due diligence by OECD as a basis for responsible global supply chain management of minerals. AGK shall respect human rights and avoid contributing to conflict through their sourcing decisions, including the choice of their suppliers.

Recycled Metals

Recycled metals are reclaimed end-user or post-consumer products, or scrap processed metals created during product manufacturing. Recycled metal includes excess, obsolete, defective, and scrap metal materials which contain refined or processed metals that are appropriate to recycle in the production of gold. They are excluded from the Policy.

Minerals partially processed, unprocessed or a by product from another ore are not recycled metals.

Conflict-affected and high-risk areas

Conflict-affected areas are identified by the presence of the following:

- armed conflict which may take a variety of forms, such as conflict of international or non-international character, may involve two or more state, or may consist of wars of liberation, or insurgencies, civil wars, etc.
- widespread violence
- other risks of harm to people.
- High-risk areas are areas often characterized by widespread human rights abuses and violations of national or international law and may include areas of
- political instability or repression
- institutional weakness
- insecurity
- collapse of civil infrastructure
- widespread violence

What is due diligence in the mineral supply chain in AGK and why is it necessary?

Due diligence is an on-going, proactive and reactive process through which AGK can ensure that they respect human rights and do not contribute to conflict.

Due diligence can also help AGK ensure they observe international law and comply with domestic laws, including those governing the illicit trade in minerals and United Nations sanctions.

Risk-based due diligence refers to the steps AGK take to identify and address actual or potential risks in order to prevent or mitigate adverse impacts associated with their activities or sourcing decisions.

For the purposes of this Policy, “risks” are defined in relation to the potentially adverse impacts of AGK’s operations, which result from AGK’s own activities or its relationships with third parties, including suppliers and other entities in the supply chain.

Adverse impacts may include harm to people (i.e. external impacts), reputational damage or legal liability for AGK (i.e. internal impacts), or both.

Such internal and external impacts are often interdependent, with external harm coupled with reputational damage or exposure to legal liability.

AGK assesses risk by identifying the factual circumstances of its activities and relationships and evaluating those facts against relevant standards provided under UAE laws and other relevant national and international law, recommendations on responsible business conduct by international organizations, government-backed tools, private sector voluntary initiatives and

AGK’s internal policies and systems. This approach also helps to scale the due diligence exercise to the size of the AGK’s activities or supply chain relationships.

AGK may face risks in its mineral supply chains because of circumstances of mineral extraction, trade or handling which by their nature have higher risks of significant adverse impacts, such as financing conflict or fuelling, facilitating or exacerbating conditions of conflict. In spite of the fragmented production process in the supply chain, and independent from their position or leverage over suppliers, AGK is not insulated from the risk of contributing to or being associated with adverse impacts occurring at various points in the mineral supply chain. Because of this, AGK takes reasonable steps and make good faith efforts to conduct due diligence to identify and prevent or mitigate any risks of adverse impacts associated with the conditions of mineral extraction and the relationships of suppliers operating in conflict-affected or high-risk areas.

The Mineral Supply Chain

The process of bringing a raw mineral to the consumer market involves multiple actors and generally includes the extraction, transport, handling, trading, processing, smelting, refining and alloying, manufacturing and sale of end product.

The term supply chain refers to the system involved in moving the mineral from the extraction site downstream to its incorporation in the final product for end consumers, which system includes all of activities, organisations, actors, technology, information, and resources and services

Steps in Due Diligence

AGK’s due diligence is structured around the following steps

1. identify the factual circumstances involved in the extraction, transport, handling, trading, processing smelting, refining and alloying, manufacturing or selling of products that contain minerals originating from conflict-affected and high-risk areas;
2. identify and assess any actual or potential risks by evaluating the factual circumstances against standards in this policy (see Annex II);
3. prevent or mitigate the identified risks by adopting and implementing a risk management plan. These may result in a decision to

- a. continue trade throughout the course of risk mitigation efforts,
- b. temporarily suspend trade while pursuing ongoing risk mitigation, or
- c. disengage with a supplier either after failed attempts at mitigation or where the company deems mitigation not feasible or the risks unacceptable.

When Due Diligence applies?

Due diligence applies to AGK whenever it supplies or uses minerals sourced from conflict-affected or high-risk areas.

AGK conducts due diligence aimed at ensuring that they do not contribute to human rights abuses or conflict.

Due diligence in conflict-affected and high-risk areas presents practical challenges. AGK is therefore flexible in the application of due diligence. The nature and extent of due diligence that is appropriate will depend on individual circumstances and be affected by factors such as

- the size of the enterprise
- the location of the activities
- the situation in a particular country
- the sector and nature of the products or services involved.
- AGK meets the challenges in a variety of ways, including but not limited to:
 - Industry-wide cooperation in building capacity to conduct due diligence.
 - Cost-sharing within AGK's industry for specific due diligence tasks.
 - Participation in initiatives on responsible supply chain management.
 - Coordination with industry members with whom AGK share suppliers.
 - Cooperation with companies upstream and downstream AGK.
 - Building partnerships with international and civil society organisations.

Integrating the model supply chain policy and specific due diligence recommendations outlined in the OECD Guidance into this policy and in other existing policies and management systems, due diligence practices of AGK, such as procurement practices, integrity and know your customer due diligence measures and sustainability, corporate social responsibility or other annual reporting.

Structure of the Policy

This Policy provides

- a. an overarching due diligence framework for responsible supply chains of minerals from conflict-affected and high-risk areas
- b. a model mineral supply chain policy providing a common set of principles
- c. measures for risk mitigation and indicators for measuring improvement which may consider with the possible support of downstream companies
- d. The specific due diligence tailored to challenges associated with the structure of the supply chain of gold

AGK consults OECD Guidance to determine which of the red flags listed in Guideline are applicable to the company.

Nature of the Policy

This Policy builds on and is consistent with the principles and standards contained in the OECD Guidance which in return builds on and is consistent with than in the OECD Guidelines for Multinational Enterprises and the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones.

It provides the principles and due diligence processes for responsible supply chains of minerals from conflict-affected and high-risk areas, consistent with applicable laws and relevant international standards.

Annex I: Five-Step Framework for Risk-Based Due Diligence in the Mineral Supply Chain

AGK reviews its choice of suppliers and sourcing decisions and integrate into its management systems the following five-step framework for risk-based due diligence for responsible supply chains of minerals from conflict-affected and high-risk areas:

1. Establishment of strong company management systems. AGK:
 - a. Adopts, and clearly communicates to suppliers and the public, this Policy for the supply chain of minerals originating from conflict-affected and high-risk areas. This policy incorporates the standards against which due diligence is conducted, consistent with the standards set forth in the model supply chain policy in the OECD Guidance.
 - b. Structures internal management to support supply chain due diligence.
 - c. Establishes system of controls and transparency over the mineral supply chain including a chain of custody, a traceability system and the identification of upstream actors in the supply chain. AGK participates in industry-driven programs.
 - d. Strengthens company engagement with suppliers by incorporating into contracts and/or agreements with them AGK's supply chain policy, and where possible, assists suppliers in building capacities to improve their due diligence performance.
 - e. Establishes a company-level grievance mechanism as an early-warning risk-awareness system.

2. Identification and assessment of risk in the supply chain. AGK:
 - a. AGK Identifies risks in its supply chains
 - b. assesses risks of adverse impacts in light of the standards of its supply chain policy consistent with the OECD Guidance.

3. Design and implementation of a strategy to respond to identified risks. AGK:
 - a. requires findings of the supply chain risk assessment to be reported to the designated senior management of the company,
 - b. devises and adopts a risk management plan. Strategy for risk management includes continuing trade throughout the course of measurable risk mitigation effort, temporarily suspending trade while pursuing ongoing measurable risk mitigation; and disengaging with a supplier after failed attempts at mitigation or where a company deems risk mitigation not feasible or unacceptable.

AGK determines the correct strategy, by reviewing the OECD Guidance particularly its Model Supply Chain Policy for Responsible Global Supply Chains of Minerals from Conflict-Affected and High-Risk Areas), and considers its ability to influence, and where necessary AGK take steps to build leverage over suppliers who can most effectively prevent or mitigate the identified risk.

If AGK pursues risk mitigation efforts while continuing trade or temporarily suspends trade, AGK consults with suppliers and affected stakeholders including local and central government authorities, international or civil society organizations and affected third parties, where appropriate, and agree with them on the strategy for measurable risk mitigation in the risk management plan. AGK may draw on the suggested measures and indicators under Annex III of the OECD Due Diligence Guidance to design conflict and high-risk sensitive strategies for mitigation in the risk management plan and measure progressive improvement.

- c. Endeavors to implement the risk management plan, monitor and track performance of risk mitigation efforts and require reporting back to designated senior management. AGK may do this in cooperation and/or consultation with local and central government authorities, upstream companies, international or civil society organisations and affected third-parties where the risk management plan is implemented and monitored in conflict-affected and high-risk areas.
 - d. Undertakes additional fact and risk assessments for risks requiring mitigation, or after a change of circumstances.
4. Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain. AGK have its due diligence practices audited by independent third parties. Such audits may be verified by an independent institutionalized mechanism.
 5. Report on supply chain due diligence. AGK publicly reports on their supply chain due diligence policies and practices and may do so by expanding the scope of their sustainability, corporate social responsibility or annual reports to cover additional information on mineral supply chain due diligence.

ANNEX II: AGK Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas

AGK, recognising that risks of significant adverse impacts which may be associated with extracting, trading, handling and exporting minerals from conflict-affected and high-risk areas, and recognising that we have the responsibility to respect human rights and not contribute to conflict, commit to adopt, widely disseminate and incorporate in contracts and/or agreements with suppliers the following policy on responsible sourcing of minerals from conflict-affected and high-risk areas. We commit to refraining from any action which contributes to the financing of conflict and we commit to comply with relevant United Nations sanctions resolutions or, where applicable, domestic laws implementing such resolutions.

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

1. While sourcing from, or operating in conflict-affected and high-risk areas, AGK will neither tolerate nor by any means profit from, contribute to, assist with or facilitate the commission by any party of:
 - i) any forms of torture, cruel, inhuman and degrading treatment;
 - ii) any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
 - iii) the worst forms of child labour;
 - iv) other gross human rights violations and abuses such as widespread sexual violence;
 - v) war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

Regarding risk management of serious abuses:

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

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

3. AGK will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals. including but is not limited to, procuring minerals from, making payments to or otherwise

providing logistical assistance or equipment to, non-state armed groups or their affiliates who:

- i) illegally control mine sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain; and/or
- ii) illegally tax or extort money or minerals at points of access to mine sites, along transportation routes or at points where minerals are traded; and/or
- iii) illegally tax or extort intermediaries, export companies or international traders.

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

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

Regarding public or private security forces:

5. AGK agree to eliminate, in accordance with paragraph 10, direct or indirect support to public or private security forces who illegally control mine sites, transportation routes and upstream actors in the supply chain; illegally tax or extort money or minerals at point of access to mine sites, along transportation routes or at points where minerals are traded; or illegally tax or extort intermediaries, export companies or international traders.⁷
6. AGK recognizes that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.
7. Where AGK or any company in our supply chain contract public or private security forces, AGK commit to or AGK will require that such security forces will be engaged in accordance with the Voluntary Principles on Security and Human Rights. In particular, AGK will support or take steps, to adopt screening policies to ensure that individuals or units of security forces that are known to have been responsible for gross human rights abuses will not be hired.
8. AGK will support efforts, or take steps, to engage with central or local authorities, international organizations, and civil society organizations to

contribute to workable solutions on how transparency, proportionality and accountability in payments made to public security forces for the provision of security could be improved.

9. AGK will support efforts, or take steps, to engage with local authorities, international organizations and civil society organizations to avoid or minimize the exposure of vulnerable groups, in particular, artisanal miners where minerals in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

Regarding risk management of public or private security forces:

10. AGK devises, adopts and implements a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, as identified in paragraph 5, where we identify that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan. Where we identify a reasonable risk of activities inconsistent with paragraphs 8 and 9, we will respond in the same vein.

Regarding bribery and fraudulent misrepresentation of the origin of minerals

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

Regarding money laundering:

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

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

13. AGK will ensure that all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments and, AGK commit to disclose such payments in

accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).

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

14. AGK commit to engage with suppliers, central or local governmental authorities, international organisations, civil society and affected third parties, as appropriate, to improve and track performance with a view to preventing or mitigating risks of adverse impacts through measureable steps taken in reasonable timescales. We will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation.