

Planta Recuperadora de Metales SpA

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**FINAL REPORT**  
**DUE DILIGENCE PRM SpA**  
**2019**

Antofagasta, March 2020

Rita Silva C.

## 1.- Company Information:

Planta Recuperadora de Metales SpA, hereinafter PRM SpA, is a company belonging to a joint venture between LS-Nikko (Republic of South Korea) and Corporación Nacional del Cobre - CODELCO (Chile). The company was established in Chile with the purpose of adding value to the intermediate products generated in the copper refining process. This is how PRM SpA, after a commercial agreement with CODELCO, submitted its Environmental Impact Statement for evaluation, which was approved by the Superintendency of the Environment, in November 2013, giving the green light to the construction and processing plant installation. The plant is located inside the town of Mejillones, in the second region of Antofagasta, starting its processing in the second half of 2016, mainly with the production of Copper Sulfates, Selenium Shot and Dore Anodes, and then continued with the production of Silver Ingots and Gold Ingots. It should be noted that PRM SpA has the company CODELCO as its sole supplier, from where it receives 100% of the raw material it processes, this being a by-product of copper mining, specifically, anodic slime from the electrolytic copper refining process, with gold content of no more than 0.44%, among other metals, such as copper, silver, selenium, tellurium, etc.

Auditee Name	<i>Planta Recuperadora de Metales SpA- PRM</i>
CID Number	<i>CID002919</i>
Facility Address	<i>Sexta Industrial 8147, Mejillones, Antofagasta, Chile</i>
Assessed Material (3TG)	<i>Gold</i>
Conformance Validity	<i>01/01/2019 - 12/31/2019</i>

## 2.- Summary of the Previous Evaluation (audit):

Date of Last Evaluation RMAP	<i>January 23-24, 2019</i>
Evaluation Period	<i>01/01/2018 to 12/31/2018</i>
Evaluating Company	<i>Arche Advisors</i>
URL to the most recent report	<a href="https://prm.cl/planta-recuperadora-de-metales/wp-content/uploads/2021/03/PRM-Audit-Report-2018.pdf">https://prm.cl/planta-recuperadora-de-metales/wp-content/uploads/2021/03/PRM-Audit-Report-2018.pdf</a>

### 3. Supply Chain Policy of PRM SpA



**Planta Recuperadora de Metales ("PRM")**

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#### **Policy for a Global and Responsible Supply Chain of Minerals from Conflict-Affected and High Risk Areas**

Planta Recuperadora de Metales SpA manifests the commitment to maintain a global and responsible supply chain for gold and silver, recognizing that the risks of generating significant negative impacts may be related to the extraction, marketing, handling and export of minerals, from conflict and high risk areas, and accepts the responsibility to respect human rights and to not contribute to the conflicts nor to financial irregularities, as defined by Annex II of the Due Diligence Guidance of the Organization for Economic Cooperation and Development (OCDE) for responsible supply chains of mineral from conflict-affected and high risk areas in its third edition (OCDE Guidance).

In this sense, PRM SpA, undertakes to adopt, disseminate and incorporate into the contracts and / or agreements with suppliers, this policy of responsible supply of minerals from areas affected by the conflict and high risk; which represents a common reference point for supply practices sensitive to conflict and risk.

Our commitment is to refrain from any action that contributes to the financing of conflicts, and we commit ourselves to comply with the relevant United Nations sanctioning resolutions, or failing that, with national laws that implement such resolutions.

In this regard, with respect to the serious abuses related to the extraction, transport or trade of gold and/or silver minerals, PRM SpA undertakes that in the course of supply activities or when operating in areas of conflict or high risk, will not tolerate, nor for any reason will obtain benefits, nor act to contribute, help or facilitate that any actor commits:

- i. Any form of torture or cruel, inhumane, o degrading treatment.
- ii. Any form of forced labor, defined as any labor or service that is demanded of an individual under threat of receiving punishment and for which said individual has not offered voluntarily.
- iii. The worse forms of child labor.
- iv. Other severe violations to human rights and abuses, such as generalized sexual violence.
- v. War crimes or other severe violations to international humanitarian rights, crimes against humanity, or genocide.

*With respect to the management of the risk of severe abuses, PRM SpA, will immediately suspend or cease interactions with the upstream supplier, when a reasonable risk has been detected that gold and/or silver will be supplied associated with actors that commit the severe abuses defined in the previous paragraph.*

*With respect to the direct or indirect support of non-state armed forces, PRM SpA will not tolerate any direct or indirect support to non-state armed forces, by means of extraction, transport, marketing, manipulation, or exportation of minerals. Direct or indirect support of non-state armed forces, includes, but is not limited to, obtaining gold and/or silver ores, making payments, or providing any other class of assistance in logistics or of equipment to the non-state armed forces groups or their affiliates that:*

- i. Illegally control mining sites, o by any other form, control the transportation routes, trading points, and upstream actors of the supply chain; and/or*
- ii. Illegally collect taxes or extort in exchange for money or minerals at the access points mining sites along the transportation routes or at the points in which the minerals are traded; y/o*
- iii. Illegally collect taxes or extort the intermediaries, companies, exporters, or international traders.*

*With respect to the direct or indirect support of non-state armed forces, PRM SpA will not tolerate any direct or indirect support to non-state armed forces, PRM SpA will immediately suspend or cease interactions with the upstream supplier, when a reasonable risk has been detected that gold and/or silver, will be supplied associated with actors that commit the severe abuses defined in the previous paragraph.*

*With respect to the public and private security force:*

*.- PRM SpA will eliminate direct or indirect support of the public or private security forces illegally control mining sites, transportation routes, trading points, and upstream actors of the supply chain; that illegally collect taxes or extort in exchange for money or minerals at the access points mining sites along the transportation routes or at the points in which the minerals are traded; or illegally collect taxes or extort the intermediaries, companies, exporters, or international traders.*

*.- PRM SpA recognizes that the role of public and private security forces, at mining sites and/or the surroundings and /or along the transportation routes, should only be limited to maintaining the rule of law, including protecting human rights, providing security to mining workers, their equipment and facilities, as well as protecting mining sites or transportation routes from interference that affect legitimate extraction and trade activities.*

- When PRM SpA or any other company in the involved on the supply chain of gold and/or silver, hires the services of security forces, we undertake to requiring that the interaction with such security forces be in accordance with the Voluntary Principles of Security and Human Rights. In particular, we will support or take measures to adopt inspection policies, in order to guarantee that the individuals or units of security forces that are known to be responsible for severe human violations rights will not be hired.

- PRM SpA will support all efforts, or take measures, in order to interact with local or central authorities, international organizations, or civil society, to contribute in finding viable solutions on how to improve transparency, proportionality, and accountability, in payments made to public security forces to provide security.

- PRM SpA will support all efforts, or take measures, in order to interact with local or central authorities, international organizations, or civil society, to avoid or minimize the exposure of vulnerable groups, in particular, artisanal miners, when minerals of the supply chain are extracted by means of small scale or artisanal mining activity, to adverse impacts associated with public and private security on mining sites.

*With respect to the management of risks of public and private security forces and according to the specific position of the company in the supply chain, PRM SpA will immediately proceed to design, adopt, and implement a risk management plan with the upstream supplier and other actors, to prevent or mitigate the risks of direct or indirect support to public or private security forces, when a reasonable risk is identified. In such cases, PRM SpA will suspend or terminate interactions with upstream suppliers, after failed attempts to mitigate, within six months of adopting the risk management plan. When a reasonable risk of actions occurring that are not consistent with the previous paragraphs is identified, PRM SpA will act accordingly.*

*With respect to bribery and fraudulent declarations of the origins of minerals, PRM SpA will not offer, promise, give, or demand any bribes, and will resist any requests for bribery that seek to hide or falsify the origin of minerals, to fraudulently declare taxes, amounts, and royalties paid to governments, according to the purposes of the extraction, trade, handling, transportation, and exportation of minerals.*

*With respect to money laundering, PRM SpA will support all efforts with the purpose of contributing to the effective elimination of Money laundering will support efforts to contribute to the effective elimination of money laundering, when it identifies a reasonable risk of money laundering as a result (or connected) with the extraction, marketing, handling, transportation or export of minerals derived from illegal collection of taxes or extortion of minerals at access points to mining sites, along transport routes, or at points where minerals are marketed by the upstream supplier.*

*With respect to the payment of taxes, sums and royalties to governments, PRM SpA will guarantee that all taxes, sums and royalties related to the extraction, trade and export of minerals from conflict and high risk areas are paid to governments and, according to the company's position in the supply chain, PRM SpA is committed to disseminating information on such payments according to the principles established by the Extractive*

*With respect to the risk management of bribes and the fraudulent declaration of the origin of minerals, money laundering and payment of taxes, sums and royalties to governments, and in accordance with the company's specific position in the chain of supply, PRM SpA is committed to interacting with suppliers, central or local government, international organizations, civil society, and affected third parties, as appropriate, to improve and monitor, in order to prevent or mitigate risks of adverse impacts, using quantifiable measures taken within reasonable timeframes. PRM SpA will suspend or terminate interactions with the upstream provider after failed mitigation attempts.*

In support of the above, the CEO of PRM SpA, appointed the Production Manager, as the Due Diligence Manager, who is responsible for complying with and enforcing the Due Diligence Management System and, consequently, everything described above. In addition, he/she must ensure that:

- PRM SpA acts with transparency in the implementation of this policy making available reports on our progress towards our clients, relevant stakeholders and the public (as necessary).
- PRM SpA provides and requires its main supplier, Codelco, to provide Due Diligence information, to confirm that the material containing gold and/or silver from PRM SpA does not promote conflict.
- PRM SpA supervises and trains all relevant personnel on the procedures and this Policy, of the Due Diligence System for minerals in conflict.
- The Due Diligence report for supply chains is published annually.
- An independent, third-party audit for Supply Chain Due Diligence is conducted once a year.

PRM SpA, declares that the only source of gold and silver comes from anodic slime resulting from the copper refining of our partner company (Codelco). However, in accordance with the OECD Guide and the RMAP and LBMA requirements, PRM SpA also considers implementing processes, in case new sources or suppliers of gold and/or silver material are introduced, which modify the supply chain, which include:

- Incorporation and communication of the Global and Responsible Supply Chain of Minerals Policy from Conflict-Affected and High Risk Areas, in contracts and agreements with suppliers.
- Commit to the exercise of due diligence with the new suppliers, applying the KYC evaluation pillar.
- Establish whether the origin of primary materials with gold and/or silver content comes from a Conflict Affected and High Risk Area (CAHRA), related to the extraction, transport or marketing of gold and/or silver ores.
- Assess whether there are other possible risks associated with the new gold and/or silver supply chains.

Any complaint or concern about our Due Diligence Policy or system should be reported to the Responsible Minerals Initiative through its claims mechanism, which you can access here:

<http://www.responsiblemineralsinitiative.org/minerals-due-diligence/risk-management/grievance-mechanism/>



Martin Kim  
CEO, PRM

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Policy established on August 1, 2017. Amended on June 10, 2019 in accordance with the Due Diligence Guide for Responsible Supply Chains for Minerals from Regions Affected by Conflict and High Risk, according to OECD guidelines. On April, 2021, the scope of the policy is modified, making it extendable to gold and silver.

<https://prm.cl/#POLITICAS>

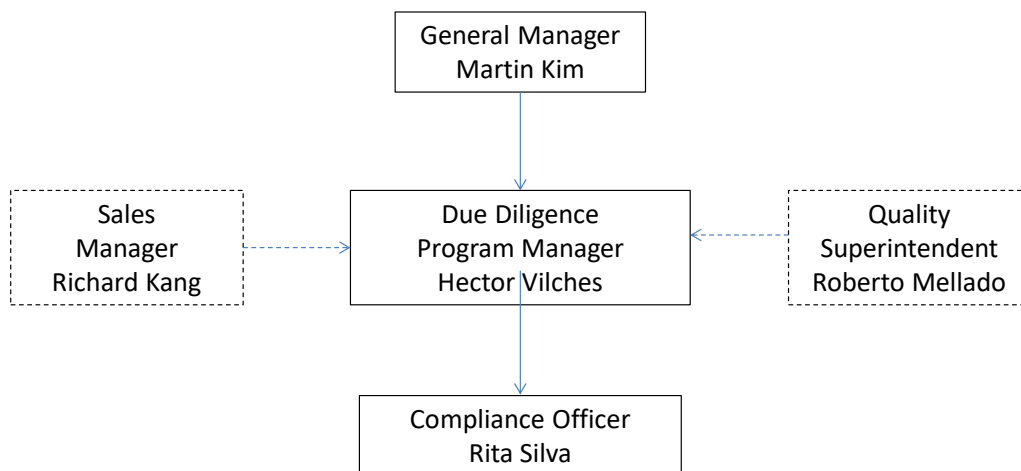
All PRM personnel who come into contact with the raw material (anodic copper slime) have been trained in this policy, thus complying with the RMAP requirements in this regard. At the same time, 85% of the total direct workers and 90% of the contractor personnel (direct and eventual) have been instructed. The goal of PRM SpA is to train at least 90% of PRM personnel during the course of 2020. Also, it has been disseminated to our sole provider, who understood and accepted it as an integral part of the contract between PRM SpA and CODELCO, incorporating in this way, due diligence in legally binding agreements with their direct suppliers. In turn, the policy has been made public within the plant and on the PRM SpA website, so that all internal and external actors have access to it. It should be noted that the policy covers all risks identified in Annex II of the OECD Guide and its geographical scope is global.

## 4. Due Diligence Management System

### 4.1. Management Structure

The senior management of PRM SpA, in order to fulfill and enforce the commitments mentioned in the gold supply chain policy, set out to develop a Due Diligence Management System, for which it created an organizational structure, with functions and clear responsibilities, dedicated to ensuring compliance at all times with the Gold and Silver Supply Chain Policy, which is consistent with the standards set out in Annex II of the OECD Due Diligence Guide, in its third edition.

### Due Diligence Organization Chart



Note: The Sales and Quality areas provide relevant information for the identification of potential new suppliers, potential warning signs and traceability in the reception of dispatches, among others.

### 4.2 Roles and Responsibilities

#### General Manager

The General Manager is the highest authority in PRM SpA and who guarantees compliance with the Due Diligence policy in the organization and delivers the guidelines, financing, and structure necessary for its proper compliance, whose main responsibilities are:

- Lead the Due Diligence Management System.



- Periodically supervise the progress of the Due Diligence program and the design and implementation of risk management, making corrections and guidance if necessary.
- Allocate the necessary resources for the implementation of the program.
- Assign a Due Diligence Program Manager.

#### Due Diligence Program Manager

Check that all areas work according to the Due Diligence policy, coordinating the relevant tasks of the production, processes, quality control, HR, and commercial areas, to ensure that each department implements the due diligence program and reports possible warning signs and potential risks that can be identified. Must be a link to the entire structure and manage the improvements of the system together with the General Manager, when these are necessary.

#### Main responsibilities:

- Monitor the Due Diligence Management System and make improvements when necessary.
- Periodically supervises the implementation of risk management and makes improvements if necessary.
- Responsible for conducting annual trainings to the chain of command of the areas directly involved with the Due Diligence and whenever there are modifications in the gold and silver supply chain.
- Check compliance with the measures and recommendations of the assessing bodies in this regard.
- Ensure the training of all workers in the Gold Supply Chain Policy and the Due Diligence Management System.
- Ensure the implementation and follow-up of national and international laws, norms, standards, provisions, and regulations in this regard.
- Safeguard the records generated from training.

#### Sales Manager

Ensure full compliance with the contract with CODELCO and any other supplier of raw materials in the future, emphasizing the Supply Policy as an integral part of it. With any new potential supplier, the Sales Manager must ensure that it complies with the requirements of the standard in relation to KYC, CAHRA identification, etc.

#### Main responsibilities:

- Ensure compliance with the contract.
- Report the eventual participation of a new provider.
- Inform and train all workers in the Gold and Silver Supply Chain Policy and the Due Diligence Management System.

- Together with the Program Manager, ensure that each department implements the due diligence program and reports possible warning signs and potential risks that can be identified.
- Arrange the investigation of any questions in this regard.

#### Quality Superintendent

Ensure that all raw material (copper anodic slime), which is received at PRM SpA, comes according to the CODELCO contract, and guarantee that all reception, inspection and sampling protocols and procedures are met, and the Due Diligence Manager must be alerted to any deviation in the supply chain and custody.

Main responsibilities:

- Maintain control of the anodic slime reception program.
- Review and propose improvements to the reception, inspection and sampling protocol and procedures.
- Report any deviation.
- Keep the quality management system up to date.
- Inform and train all workers in the Gold and Silver Supply Chain Policy and in the Due Diligence Management System.
- Together with the Program Manager, ensure that each department implements the due diligence program and reports possible red flags and potential risks that can be identified.
- Arrange for the investigation of any query in this regard.

#### Compliance officer

Execute the activities necessary to comply with the Responsible Supply Chain Policy and determine, together with the Program Manager, the real or potential risks in the supply chain, evaluating the circumstances, in order to implement Due Diligence measures, to avoid or mitigate any contribution to adverse effects in conflict and high-risk areas.

Main responsibilities:

- Apply the procedures of the Due Diligence Management System.
- Carry out activities related to risk management and propose improvements in this regard.
- Periodically review possible risks in the supply chain.
- Review and propose improvements to the Due Diligence System procedures

- Keep the documentation in custody.
- Advise Management on matters related to the Due Diligence Management System.
- Prepare and submit RMAP Due Diligence report to the evaluating body.
- Participate in the analysis and investigation of all reported incidents and complaints.
- Promote the training of the Due Diligence Management System for the entire organization.
- Request and coordinate technical assistance for risk management with the evaluating body.

### 4.3 Description of Relevant Departments

With the appointment of a Due Diligence Manager, the company provides the possibility of a fluid coordination of the relevant departments, ensuring that each department monitors its functions and responsibilities in the implementation of the Due Diligence Program and reports on possible signs of alert and potential risks that are identified.

According to this structure, the obligations of the different areas of PRM SpA. involved with the internal control of the supply chain, are specified below:

.- Commercial and Sales Area: Generate, in accordance with the company's legal and internal policies, contracts for the supply of raw materials (in this case, anodic copper slime), for its treatment, establishing the technical and commercial bases of the process to be carried out.

.- Human Resources Area: Ensure that the personnel working inside the process plant are in compliance with all Chilean legal regulations. Maintain control of protocols, both for vehicle access and exits, so that the established security measures are met. Ensure staff competencies.

.- Plant Management Area (Processes): Ensure that the security, reception, and processes areas are in a position to carry out the processing of material safely, with the necessary protocols for the adequate control of raw materials, by-products and finished products.

.- Quality Control and Chemical Laboratory Area: Maintain updated procedures related to the reception, inspection, handling, preparation and analysis of raw materials and keep weighing equipment calibrated and verified.

Maintain the certification of the NChISO17025.of2017 that accredits the laboratory's competence to carry out the tests of the final products of gold and silver bars.

#### 4.4. Internal Control Systems

It should be noted that in order to comply with the 2018 audit, the company had to substantially improve the way it faced the auditing process. This is because the first and only audit in this regard covered the 2016 -2017 period, RMI, formally CFSI (Conflict-Free Sourcing Initiative). Therefore, due to the importance of complying with the OECD Guide and the RMAP, and responding to this new modality, PRM SpA had to take innumerable concrete actions. In this sense, we can mention the profound modification and application of PRM SpA's supply chain policy, the creation of an organization chart that will support Due Diligence, the appointment of a Program Manager, the implementation of a Due Diligence Management System, the creation and application of procedures that support the identification of areas affected by conflict and high risk, risk management, internal control and prevention systems, these, to mention just some of the improvements that continue to be implemented and applied to carry out the due diligence during 2019 and at any time when circumstances warrant.

The company maintains as a policy, the incorporation of Due Diligence in legally binding agreements with its suppliers. However, it should be noted that its only supplier is CODELCO, a condition that has not been modified since 2016.

In relation to the PRM SpA protocol, the following steps of the control process can be mentioned:

Step 1: Communication of the monthly reception program

CODELCO sends by email, a summary form of dispatches to be made during the following month. This information is sent to the Plant Management, Plant Operations personnel, process engineers, surveyor personnel (representative of the supplier in the plant) and quality control area, through the CODELCO Programming Engineer.

Any changes in the program are previously informed to all the interested parties through the same means.

Step 2: Confirmation and details of timely shipment

The day prior to the arrival of the shipment of raw materials, CODELCO send through email to all interested parties, a summary of the shipment of copper anodic slime, which includes gross and net weights, preliminary chemical characteristics of the payable and punishable elements, as well as the data of the carrier and license of the vehicle that will carry out the transfer (and escort in case it is so).

### Step 3: Access Authorization

The quality control area sends an email to the industrial safety department requesting entry of the truck with the described load. In return, said department reviews the background information and authorizes the entry, carrying out all the established protocols to ensure that the indicated load corresponds to what is indicated in the documents and dispatch guide.

### Step 4: Truck Weighing

Once the truck is entered, it is weighed on the weighing platform and the data is stored and sent to the interested parties for their knowledge and control.

### Step 5: Inspection and unloading

The inspection and unloading of the product are carried out in the slime warehouse, in the presence of quality control personnel, industrial security personnel, and surveyor personnel. The driver delivers the dispatch guide for his control, which is reviewed and approved. The signed document is delivered to the driver, the security booth checkpoint, and the quality control area for subsequent controls.

### Step 6: Truck dispatch

Once the truck is unloaded it is taken to the weighing platform to be inspected, all of this being witnessed by industrial security personnel. The printed copy of the record of this task and the dispatch guide are delivered to the driver.

### Step 7: Custody of documents

Copies of documents are stored in the security booth and the weight control record, upon entering and leaving the checkpoint, is sent via email to the quality control area.

### Step 8: Weighing and sampling of material

Once in the slime warehouse the units (maxi sack or drums) containing the raw material are weighed one by one, according to procedure GP-P47-R01, "Reception and unloading of anodic slime form trucks".

The sampling of the material to obtain the humidity and the payable and punishable elements is carried out in the presence of surveyor personnel, according to procedure GP-P06 / R01, "Weighing, sampling and humidity determination".

### Step 9: Conformity of the received material and exchange of laws

The quality control area informs the client, CODELCO, via email of the conformity or non-conformity of the received material indicating the result of the calculation of the preliminary laws of the payable elements.

Quality Control personnel perform the sampling of the received material, through the sampling tower, forming sub-batches and the samples are sent to the laboratory for moisture analysis and sample preparation, in accordance with the provisions of the GP- procedure. P06 / R01; Surveyor personnel supervise and inspect each of these activities. The rest of the material is delivered to operations for processing.

The samples are distributed to the interested parties, CODELCO, PRM SpA, and Surveyor, for the corresponding analysis of the payable and punishable elements; PRM SpA performs these activities according to procedures GP-P03 / R01 and GP-P09 / R01, respectively.

#### Step 10: Chemical characterization of the received anode slime

The chemical characterization of the products is carried out according to the procedures established and accredited under NCHISO17025.of 2017.

Once both parties have the corresponding chemical analyzes available (according to the sample recovered in the PRM SpA sampling tower and sent to CODELCO), the exchange of laws between PRM SpA and CODELCO is carried out.

Finally, and accordance with procedure GP-P07-R01, "Exchange of trials and arbitration", the fines of the payable and punishable elements are obtained for the final settlement.

#### Step 11: Standard compliance of produced ingots

The compliance with the physical and chemical quality standards of the final products are established according to the protocols defined between the parties in the parent contract.

Surveyor personnel is also responsible for the physical inspection of the final products, Gold ingots and Silver ingots, inside the processing plant, and for supervising the shipment process of these products.

#### Step 12: Anomaly detection

In the event of any anomaly detected in the stages of receiving the information, transferring and / or receiving the material, weighing the truck (difference in weights), and / or unloading the material (foreign material) or any deviation in the supply chain and processing of the material, the activity that is being carried out must be stopped immediately and the material under repair must be kept in custody.

Ante cualquier anomalía detectada en las etapas de recepción de la información, traslado y/o recepción del material, pesaje de camión (diferencia de pesos) y/o en la descarga del material (material extraño) o cualquier desvío en la cadena de suministro y procesamiento del material, se debe detener de inmediato la actividad que se esté desarrollando y mantener en custodia el material en reparo. As soon as possible, form GP-P71-F01 "Claim to Supplier" will be sent via email, in order for CODELCO to carry out the investigation, determine the cause of the irregularity and implement the necessary actions to correct the detected event.

Once the actions have been implemented, CODELCO sends the record with cause analysis, implementation of actions and all the documentation related to the problem, so that PRM SpA can evaluate whether it considers it appropriate to continue with the process. If PRM SpA considers that the evidence and the proposed corrective actions make it possible to raise the claim, the processing of slime continues.

If the concerns are related to the origin, the transporter, or the supplier, PRM SpA must identify warning signs and carry out the necessary Due Diligence, according to the identification procedures of CHARA and Red Flags.

#### Grievance Mechanisms

Regarding the complaints mechanism, PRM SpA., Adopts the RMI grievance mechanism (<http://www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/grievance-mechanism/>), for any information, query, claim, or accusation of its interest group and will refer to it to collect information, investigate, respond, and follow up, according to the procedure indicated in this regard (GG-DD-P04) "Complaint Management - PRM SpA Claims" and leaving a record in Form GG-DD-F05 "Complaints and Claims Management Follow-up". In this way, as indicated in the procedure, the compliance officer will identify the complaint and proceed to register the type of complaint in the form provided for it and will inform the Program Manager, who will form a group to investigate, analyze, respond, and close the cycle, according to its relationship with the origin, the transport route, the location of the supplier, or the violation of human rights, among others, putting into practice due diligence if necessary.

#### Record Keeping Systems

In relation to the Record Keeping System, PRM SpA requires that all records related to the due diligence program be kept for at least five years, keeping an adequate control of documents and safely stored according to the procedure "Management of Documentation"(GG-DD-P05), in the databases available from the company.

### 4.5 Identifying Risks

According to the risks referred to in the PRM SpA Supply Chain Policy, the company applies the procedure developed to identify CAHRA (GG-DD-P02). The procedure considers: resources used, criteria to define risks in areas affected by conflict and at high risk, as well as the frequency with which suppliers are reviewed and / or when there are modifications to the PRM SpA supply chain. Within the resources used are the following:

- US Dodd-Frank, which provides the presence of armed conflict and generalized violence or transportation risks, whose threshold indicator of a CAHRA corresponds to whether the origin or transportation is registered in the list of the evaluation method.
- The Heidelberg conflict barometer, which provides conflict maps, with an annual snapshot of the presence of armed conflict and generalized violence, considering a CAHRA if the national or sub-national classification has an index level 4 or higher in the region of origin or transport route of the raw materials of PRM SpA.
- Fragile State Index, which provides risks of harm to people and the rule of law, considering a CAHRA if the Human Rights and Rule of Law indicator has a score of 8 or more for Chile in the evaluation method.
- • The World Governance Index (WGI), which measures the government's ability to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions between them, considering a CAHRA if the Corruption Control index has a percentile of 80 or less for Chile.

PRM SpA., Must also apply the KYC procedure - Know Your Counterpart (GG-DD-P01), which considers the collection of essential information on the legal status, the identity of the supplier, money laundering, and the fight against financial terrorism policies, and if the beneficiaries or the provider have been involved in any financial irregularity, and other potential risks.

If necessary, PRM SpA, must also apply the procedure to identify Red Flags GG-DD-P03, which mentions warning signs when the supplier's commercial registration cannot be verified, when the owners or beneficiaries of the supplier are within the UN Sanctions List, when the supplier is listed in sanctions at the country level, when the KYC questionnaire is inconsistent, when the supplier does not accept the responsible supply policy of PRM SpA, when the supplier is located in a CAHRA, when the raw material is originated or transported through a CAHRA, when there are discrepancies in the transaction documentation, when the country of origin has a low production volume, when the inspection of the material (visual or by chemical tests) does not seem to be what is expected according to the contract.

All the previously mentioned procedures were applied to our sole provider. It should be noted that the supplier completed and returned the KYC questionnaire, which was reviewed and evaluated by the Due Diligence team at PRM SpA. Likewise, in the identification of CAHRA and risk signs, PRM SpA got involved with its supplier to request more information to clarify and improve the supporting documents, until verifying that there were no red flags related to origin, transportation, or supplier.

In this sense, in relation to the KYC and because CODELCO is a state company, belonging to the State of Chile, the directory corresponding to the year 2019 was compared with the list of UN Sanctions, leaving support for the investigation in the Registry of UN Comparison (GG-DD-REG01). It is worth mentioning that CODELCO is a company that maintains a robust



Anticorruption Management System, with very clear guidelines in this regard, led by the person in charge of Crime Prevention, Mr. Mario Orellana, who works as Corporate Risk and Control Manager.

In relation to origin, and as indicated in the OECD Guide, in its third edition: "The risk assessment in a supply chain begins at the origin of the gold supply", stating, "For mined gold, the origin is the same mine, whether it is a small-scale artisanal mine or a medium and large-scale mine. An exception to the above is the **Mining By-product, such as gold obtained from copper mining**, a mineral that is outside the scope of this Guide". It continues stating, "... **The origin of gold that is a Mining By-product should be considered as the point at which the gold trace was separated for the first time from the original mineral (for example, the refinery) ...**" In this sense, it should be noted that the supply of gold and silver at PRM SpA is only limited to the recovery of these metals from the anode slime generated in the copper refining process, coming from the supplier's refineries. Therefore, PRM SpA confirmed that each transaction clearly indicated the information of origin, making sure to understand the place, the transport route, as well as the location of the direct supplier, according to the different divisions of CODELCO, from which anode slime is supplied, all of which are located in the territory of Chile, as indicated by CODELCO in the declaration of origin, according to:

- Chuquicamata Division: Town of Chuquicamata, II Region of Antofagasta
- Salvador Division: Town of, III Region of Atacama
- Ventanas Division: Town of Ventanas, V Region of Valparaiso

The GP-P47 / R01 procedure called "Procedure for Receiving and Unloading Anodic Slime from Trucks" was applied to all supply transactions with CODELCO, carrying out a review and control of all receptions.

In the CAHRA "Identification Form" (GG-DD-F03), corresponding to the year 2019, there is a record of the information collected against CAHRAs and in the "Red Flags Identification Form"(GG-DD-F04) , a record of the revised warning signs remains, in order to ensure that the supplier complies with the approval requirements. PRM SpA also considers the control, registration, information and communication, each time gold bars are returned to our supplier CODELCO, according to: "Procedure for the Preparation and Dispatch of Shipments" GP-P19 / R02.

PRM SpA develops a monthly metallurgical balance of gold and silver, according to "Metallurgical Balance Procedure" GP-lv00 / R02, which shows the closing of the income, inventory, and exit of the metal.

In accordance with the review aforementioned resources, the following is obtained:

- US Dodd-Frank Act → Does not apply, because material is not provided from the Republic of the Congo, as well as from the nine neighboring countries, origin and transport does not apply.

.- Heidelberg Conflict Barometer → Although the Heidelberg conflict barometer declares Chile at a level 3 in intensity (violent crisis), it also indicates that these conflicts have their origin in issues that are not related to the mining industry, in which CODELCO may be involved and / or PRM SpA.

It is important to mention that the intensity of the indicator is related to social manifestations (due to the social inequality that exists in the country), attacks caused by anarchist groups, and other disturbances limited to the claim of lands belonging to ancestral Mapuches and the rights of native populace. However, none is related to the origin, transportation, or any issue related to the mining industry, in which CODELCO and / or PRM SpA. (origin, transportation, and / or beneficiaries) or any other mining company in Chile.

.- Fragile State Index → The "2019 FRAGILE STATE INDEX", which provides measures of political instability, insecurity, generalized human rights abuses, violations of national or international law, declares Chile as a "VERY STABLE" country for 2019. Of the 12 indicators evaluated all are below the 8 points above which a CAHRA is considered, the highest being the uneven development index with 5.1 points and the lowest, the external intervention index with 1.5 points.

.- World Governance Index (WGI) → Chile is in the 83.17 percentile in the index for corruption control, above the 80 percentile limit where a CAHRA would be considered.

However, during 2019, PRM SpA considered visits and meetings with the supplier, and ensured that all received material was included in CODELCO's monthly delivery programs, all dispatch guides were reviewed, ensured inspections and protocols were complied with, that CODELCO presented the transport contract for the anode slime along with the transit maps for the authorized roads in Chile, that the current transport regulations were complied with according to Chilean legislation relating to dangerous cargo, that the seals of origin of the product could be identified and verified, that the transfer trucks could be located via GPS at all times, in other words, PRM SpA mapped the supply chain from the origin of the anodic slime generated in the copper process to PRM SpA, making sure not to identify a CAHRA.

Although the refiner's due diligence must guarantee that fraudulent declarations are not produced to hide the origin of the gold, PRM has verified that the Mining By-products, which it receives at its processing plant, are within the legal framework of the contract between CODELCO and PRM SpA., and do not contribute to conflict or high-risk areas.

***Conclusion:***

PRM SpA has developed and implemented a Due Diligence Management System that conforms to RMAP. When applied, CAHRA is not identified in the supply chain. However, during 2019 an additional due diligence was carried out, in order to implement procedures, confirming that no risks of damage were established within its supply chain, so it was not necessary to develop a plan of Risk management.

Based on the aforementioned and on the basis of the procedures applied and the resources used, we can indicate that Planta Recuperadora de Metales SpA, has developed and applied an effective Due Diligence management system, and therefore, we conclude that nothing calls to our attention to believe that the report on Global and Responsible Gold Sourcing in Conflict Affected and High Risk Areas, in all relevant respects, is presented in compliance with the RMI Gold Refiner Standard and Annex II of the OECD Guideline in its third edition.