



ANNUAL REPORT ON SUPPLY CHAIN DUE DILIGENCE 2021



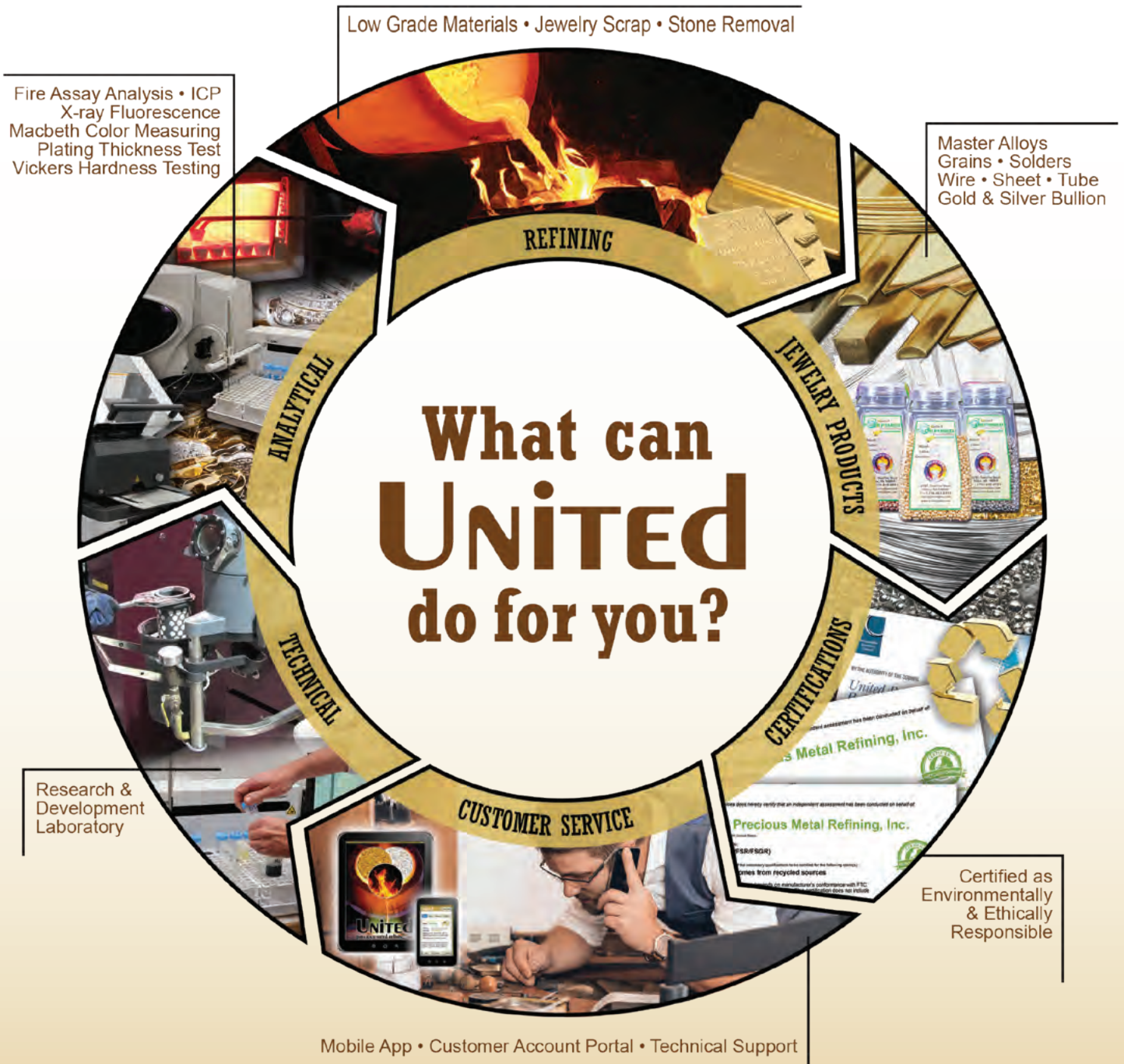
United
PRECIOUS METAL REFINING, INC.

Certified as Environmentally & Ethically Responsible
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A full circle of capabilities...

United PMR is a full service refiner and supplier of precious metals, serving the jewelry industry.



ANNUAL REPORT ON SUPPLY CHAIN DUE DILIGENCE

Name: United Precious Metal Refining, Inc.

CID Number: 1993

Address: 2781 Townline Road
Alden, New York 14004

3TG Materials Processed: Gold

Date of Last Assessment: November 16 – 20, 2020

Dates Covered by Assessment: August 01, 2019 – September 30, 2020

Assessment Conducted by: SCS Global Services against the Responsible Minerals Assurance Process (RMAP), Gold Standard of 2017.

Lead Auditor: Catherine Hansen & Ambar Valles

Audit Findings:

The auditor found that the auditee's due diligence system is in conformance, in all material aspects, with the requirements of the Responsible Minerals Assurance Process Tin and Tantalum / Tungsten / Gold Standard of 2017 and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Audit Report: [A copy of the full Audit Summary Report is publicly available at http://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/UPRM%20Public%20Report.pdf](http://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/UPRM%20Public%20Report.pdf)

Previous Reports: A link to previous audit reports against the RMAP Standard can be found at

https://www.unitedpmr.com/supply_chain_due_diligence_policy.php

Next Assessment: SCS Global – Expected January 2022

UNITED PRECIOUS METAL REFINING, INC. SUPPLY CHAIN DUE DILIGENCE PROGRAM:

United Precious Metal Refining (UPMR) is a primary precious metal refiner established in 1988. Most of its processes involve the refining of gold, silver, platinum, and palladium. UPMR also produces and sells products such as alloy, casting grain, solder, wire, sheet, tubing, as well as our own investment bars. In addition to its products and refining services, UPMR also provides precious metal assays and other analytical services.

United Precious Metal Refining, Inc. (UPMR) is committed to fighting serious abuses of human rights and avoiding contributing to conflict with regard to any metal used in our supply chain. UPMR also complies with our own strong standards of anti-money laundering (AML) and combatting terror financing. Since 2013, UPMR has been compliant as a Conflict-Free Smelter by the RBA – Responsible Business Alliance (formerly the EICC – Electronics Industry Citizenship Coalition). Our AML policy is reviewed annually by a third-party, independent consulting firm which reviews our program using in-person consultations with key personnel. Our supply chain policy was developed with the assistance of a consultant from the RBA and is consistent with the standards set forth in the Supply Chain Policy of the OECD – Due Diligence Guidance – Annex II and the new Responsible Minerals Assurance Process (RMAP), Gold Standard of 2017.



Formerly the
Conflict-Free Sourcing Initiative
CONFORMANT SMELTER

SUPPLY CHAIN DUE DILIGENCE POLICY

United Precious Metal Refining, Inc. ("UPMR") has always been committed to ensuring that our supply chain is free of any metal which was gathered for the support or benefit of armed conflict groups or involving serious abuses of human rights. Further, abusive practices from public or private security forces or support to non-state armed groups will not be tolerated. As part of our supply chain due diligence, UPMR shall be watchful for and assess the severity of various risks as recommended in the OECD Guidance Annex II Model Supply Chain Policy;

Specifically:

- Serious abuses associated with the extraction, transport or trade of minerals:
- Any forms of torture, cruel, inhuman and degrading treatment
- Any forms of forced or compulsory labor
- The worst forms of child labor
- Other gross human rights violations and abuses such as widespread sexual violence
- War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide
- Direct or indirect support to non-state armed groups
- Direct or indirect support to public or private security forces
- Bribery and fraudulent misrepresentation of the origin of minerals;
- Money laundering
- Non-payment of taxes, fees and royalties to governments

UPMR strongly condemns such activity and will refuse any material which we believe was obtained using methods related to serious human rights violations or which benefitted or supported armed rebels or terrorist groups through illegal finance or other activities. This is in accordance with U.N. resolutions and Section 1502 of the Dodd Frank Act. In addition, the (OECD) Organization for Economic Cooperation and Development has released guidelines for due-diligence for sourcing from Conflict-Affected and High-Risk Areas (CAHRAs). We endorse their compliance with the guidelines and use them as the model for our own due-diligence.

In order to ensure our commitment to a “non-conflict affected” and OECD aligned supply chain, UPMR has integrated the following due-diligence protocol for analyzing and assessing our metal suppliers and metal supplies:

Establish strong management and reporting systems to be in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affect and High-Risk Areas (Annex II). This process will include a system of ongoing customer and transaction due diligence, enhanced due diligence for areas in which material could potentially originate from or transit through a Conflict-Affected and High-Risk Area (CAHRA), and strategies for mitigating potential risks that are identified in our supply chain. UPMR will ensure that training of management and all relevant employees is done at least annually. UPMR further commits to a review of the supply due diligence process annually for effectiveness and to explore and implement possible improvements to our strategy. A senior manager and current compliance officer, William C. Merkle, has been assigned responsibility for ensuring supply chain compliance.

UPMR is also committed to be audited by an independent third party to ensure adequate testing of the system to ensure that the verification and documentation process is secure. Through these audits, UPMR displays transparency and our customers gain audit-based assurance that UPMR’s supply chain due diligence policy is verifiable and effective. It also provides UPMR with additional direction for enhancement and opportunities to provide feedback to the outside auditors for continued improvement. UPMR was originally determined conformant with the Responsible Mineral Initiative’s (RMI) – RMAP Assessment Gold Standard (updated 2017) in September, 2018 and continues to engage in this assessment annually.

UPMR communicates this sourcing policy to our suppliers and customers and make it publicly available for review. Additionally, UPMR requires the customer to acknowledge the policy and commit to providing information, documentation, and accommodations for site visits as necessary to complete our due diligence as outlined in our basic due diligence and enhanced due diligence policies.

If UPMR should discover, through its ongoing due-diligence that our customer is engaging in suspect practices or activities that do not meet our responsible sourcing requirements, we would immediately suspend sourcing from the identified supplier and develop a plan to mitigate the identified risks. Should the mitigation fail to resolve a matter to our satisfaction or we uncover activities which indicate extreme abuses, dishonesty, or situations where a supplier is unwilling to assist in our due-diligence, UPMR will immediately discontinue any activity with that supplier.

UPMR continues to work with our advisory organizations and agencies to continue to upgrade our practices and improve our processes to safeguard our supply chain from “conflict affected” materials and to only obtain material which are sourced in a legitimate and ethical manner.

Finally, UPMR publishes and makes publicly available an annual summary due diligence report to include the following:

1. Third Party Assessment Summary
2. Company Supply Chain Policy
3. Company Management System
4. Risk Identification
5. Risk Mitigation



UPMR's Summary Annual Report is publicly available on our website at www.unitedpmr.com/SAR.

UPMR is committed to helping our customers/suppliers create and improve their own supply chain due diligence policies. Please contact us should you require guidance or have questions related to Supply Chain Due Diligence.

If you are importing material into the U.S., please read the following information:

As part of the ongoing due diligence process, should UPMR determine that further information is needed, we may require supplementary documentation in addition to the import documents presented to U.S. Customs. In those cases, UPMR will request copies of the Export Documents provided to the customer's local government for review and approval by UPMR in advance of shipment.

One of the following documents will be required:

- Self-Declaration Certificate
- Certificate of Origin

Rev. Effective 10/05/2020

A copy of the "Supply Chain Due Diligence Policy" is publicly available at:
<https://www.unitedpmr.com/supply-chain-due-diligence-policy/>



MANAGEMENT STRUCTURE:

The company's controller, William C. Merkle, is the senior manager designated as the chief Compliance Officer. He is tasked with designing, updating, and implementing all facets of the Supply Chain Due Diligence Policy. As the Compliance Officer, he has the authority to make decisions that might be contrary to those of other managers but that protect the company from vulnerability to criminal influence.

In addition to the compliance officer, UPMR's compliance department also employs a Compliance Specialist, Raysa Garcia. The Compliance Specialist assists the Compliance Officer and has the benefit of focusing on compliance as their primary job function. One of the major functions of the Compliance Specialist is to perform regular site visits to potential and existing customers. For this reason, they must be knowledgeable of appropriate audit methodology and be fluent in the local language. Ms. Garcia's background is in banking regulatory compliance and her fluency in both English and Spanish make her uniquely qualified for her role as the Compliance Specialist. Her other responsibilities include documenting and updating UPMR's compliance policies and procedures.

Five other traders (inclusive of the Compliance Officer), with a combined experience of over 70 years in the precious metals industry assist the Compliance Specialist with implementing the Supply Chain Due Diligence program. Together the group, along with a recently hired document review specialist, is tasked with the responsibility of ensuring that all appropriate information related to a potential precious metal supplier is gathered, examined, and deemed acceptable by UPMR. Above all, the goal of the compliance department is to protect UPMR from inadvertently participating in money laundering or other criminal activities.

The company's Chief Financial Officer is responsible to assess the AML program, risk management design, and implementation annually for effectiveness. The CFO may elect to have an outside assessor perform this function.

UPMR's compliance team meets quarterly (or when issues arise) to discuss and review changes in activity/volume or noteworthy events affecting any account. Any serious issues are referred to management for informational and advisory purposes. In addition, the compliance officer meets with management to report on improvements to be implemented to the company programs risks identified, mitigation plans, audit results, or other issues related to the Supply Chain Due Diligence process.

In some cases, the Compliance Officer or other senior management may request separate meetings to address and discuss identified actual risks in order to gather input from other stakeholders within UPMR.

UPMR often refers to outside resources such as representatives from the Responsible Minerals Initiative (RMI) and Materials Management Corporation to review scenarios and request guidance from industry leading compliance experts.



FUNCTIONAL DEPARTMENTS:

Opportunities for obtaining sources of supply are generally presented to the company by representatives of our Sales Department based upon their contacts in the industry. However, it is important to note that the sales department is not involved in the decision to approve or deny any potential supplier. Further, there are no financial incentives of any sort to any UPMR personnel for the approval of any entity to our supplier chain. Our Sales personnel are not compensated by commission or bonuses.

Our Finance Department assumes all responsibility for maintaining adequate liquidity for UPMR's supply chain. Together with other members of the office staff, the finance department is responsible for establishing the policies, procedures, training, and ongoing improvements related to the compliance function. During the onboarding process, members of the finance department that make up the compliance staff review and approve suppliers while conducting basic and enhanced due diligence (as required) in order to identify and mitigate any potential risks to the supply chain. The compliance specialist or other members of the compliance staff are also responsible to perform ongoing risk-based monitoring of entities, key individuals, and UPMR employees on a monthly, quarterly, and annual basis.

Other members of the office staff are responsible for collecting, filing, and updating customs paperwork as required by Customs Border Patrol "Reasonable Care" standards. These individuals will ensure that all materials supplied to UPMR originating from or transiting through international locations are declared and properly classified upon importation. They are also responsible to update estimated weights and values to post-refining actual weights and values after the materials are processed. Finally, the international paperwork group also files actual "use" certificates and responds to any broker or Customs Border Patrol ("CBP") inquiries.

The lot entry department is responsible for reviewing the materials when they are received and for entering the descriptions and weights into the computer. They are responsible to ensure that the materials and weights received are consistent with the materials and weights expected and to separate the materials into the correct stream for processing or for holding the materials. They are also responsible for reporting to management when packages appear to be tampered with.



OTHER CORE ELEMENTS:

All employees of UPMR participate in AML and Supply Chain Due Diligence training annually. Members of the sales, refining, office, lot entry, and senior management will participate in additional trainings as improvements or updates are made to our policies and procedures. Calendar year 2021 AML trainings were performed for all relevant employees during the months of August and September. Supply Chain due diligence training was also performed for the sales, office, management, and lot entry staff during that time. New employees have participated in due diligence trainings as part of the “onboarding” process. UPMR strives to maintain its commitments by application, ongoing maintenance, and continuous improvement of our management systems, processes, and procedures. Though UPMR continues to source almost exclusively from recycled sources, the “Supply Chain Due Diligence Policy” that has been developed would allow UPMR to source primary materials from mines, including from CAHRA areas with the assurance that “Red Flags” are properly identified and mitigated to our satisfaction. UPMR’s Supply Chain Due Diligence Policy allows us to easily communicate the procedures to stakeholders in the supply chain and requires a contractual obligation by the supplier to agree to the terms of the policy. The Supply Chain Due Diligence Policy expands on UPMR’s prior Know Your Counterparty and Anti-Money Laundering policies to include a CAHRA Determination and clearly defined Enhanced Due Diligence procedures among its enhancements.

CONTROLLING THE ORIGIN OF MATERIALS:

As noted above, presently UPMR sources almost exclusively from recycled sources. For most of UPMR’s suppliers their supply chain is simple and the point of origin is the storefront where they manufacture jewelry or purchase jewelry from the public. UPMR provides each potential supplier with a copy of our Supply Chain Due Diligence policy and requires the supplier to contractually obligate themselves to the policy and to develop similar policies of their own that are proportionate to the level of risk in their own supply chain.

When materials are received in a form that is not easily identifiable as recycled, UPMR requests that the customer provide additional information about their supply chain due diligence procedures, what form the material was originally in, and a commitment from the supplier to provide additional documentation if requested by our auditors. For some suppliers and certain materials this information may be requested for each transaction, or at minimum annually.

UPMR has also modified and adopted for its use the RMI – Country Risk Assessment Tool to map the factual circumstances of more complex supply chains.

UPMR encourages its customers/suppliers to engage with third party assurance mechanisms when appropriate. Our knowledge and expertise are always available and is offered when deemed useful.

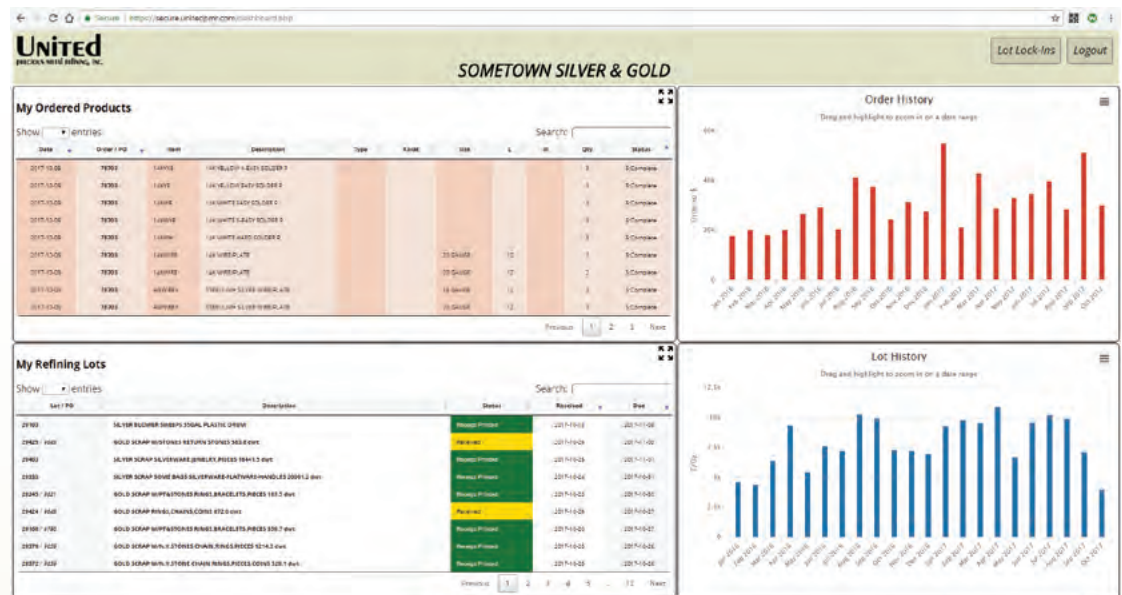


RECORD KEEPING AND RETENTION OF DOCUMENTATION:

UPMR maintains a formal record retention policy to assure current and future customers of our desire to be in compliance with market standards as they evolve. The final step for a customer/supplier checklist is to ensure that all documents are stored electronically.

UPMR will maintain and secure due diligence documentation related to our compliance with the (RMI) - Responsible Minerals Initiative for a minimum period of five years to ensure proof of verification standards as they presently exist. For international shipments, the paperwork is retained for a minimum of seven years as required by Customs Border Patrol (CBP) "Reasonable Care" standards.

**PRODUCT ORDERS
ORDER HISTORY
REFINING LOTS
LOT HISTORY
LOT LOCK-INS
& MORE!**



KNOW YOUR COUNTERPARTY PROCESS:

The sales department solicits new business and would be the first group of UPMR employees to request for an individual or business to become an approved customer/supplier. The sales representatives conduct an introductory interview with the perspective customer/supplier and complete a computerized questionnaire. These elements are designed to delineate our understanding of the potential customer's business, type of business structure, and the type of material to be processed, or products that may be needed in order to generate all appropriate documents to be sent to the customer as the initial step of our basic due diligence process. The sales department must assist in determining that the nature of the business matches the type of materials and services that we may provide. For example, a casting company should have a need for casting grain and perhaps some refining services since the refining scrap should be in the form of trees and buttons. Alternatively, a pawn shop would have mainly old jewelry, while a repair shop would have a need for gold solder while wire and bench sweeps should be their outturn for refining.

Once the questionnaire is complete, the necessary documents are then populated and e-mailed to the customer/supplier based on their desired product and service requirements. All suppliers are required to complete, at minimum, the "Supply Chain Due Diligence Policy", "Know Your Counterparty Questionnaire", and "AML Compliance/Exemption" forms.

Foreign entities, are also required to provide full business registration paperwork, written AML and purchasing policies.

As part of the ongoing KYC due diligence and monitoring, UPMR will conduct the following reviews with the corresponding frequencies;

- Review of accounts based on increased volumes
- Review of beneficial owners and key persons (high-risk customers)
- Review SDN/U.S. Treasury sanctioned list against UPMR database which includes customers and employees
- Review of criteria for CAHRA Determination

KNOW YOUR MATERIALS PROCESS:

The Lot Entry personnel will set aside other materials for which there are inconsistencies or "red flags" identified. They will then notify the compliance officer of their concerns and the compliance officer will determine what additional steps need to be taken before the materials can be processed or if the materials need to be rejected.

ENHANCED DUE DILIGENCE PROCESS:

Once a supplier is determined to be in/part of a CAHRA, and based on the "red flags" determined during the CAHRA and Basic Due Diligence processes, UPMR performs Enhanced Due Diligence on each supplier and their supply chain that have been identified as "High-Risk". Once it is determined that a supplier is sourcing from or transiting sourced materials through a CAHRA, UPMR will be required to evaluate the "Risks" as defined by the "OECD Due Diligence Guidelines - Annex II" and determine if the identified "Risks" represent actual risks in the supply chain.

Being that UPMR is sourcing gold, and gold material itself has a higher potential for money laundering, UPMR collects and evaluates AML and purchasing procedures from all "High-Risk" suppliers.

UPMR makes efforts to understand each government's requirements for taxes, fees, and royalties related to the sourcing and export of gold in or through CAHRAs. UPMR will collect evidence of such payments being properly remitted for all "High-Risk" customers/suppliers.

While UPMR recognizes that it has focused much of its efforts to identifying risks related to money laundering, tax avoidance and corruption, it is also committed to identifying other Annex II risks as follows:

For customers/suppliers for whom their supply chain was determined to be a CAHRA because of their rating within the RMI – Country Risk Assessment Tool, UPMR will also concentrate its enhanced due diligence to make sure its supply chain is free of the following:

- Any forms of torture, cruel, inhuman and degrading treatment;
- Any forms of forced or compulsory labor, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
- The worst form of child labor;
- Other gross human rights violations and abuses such as widespread sexual violence;
- War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

For customers/suppliers for whom their supply chain was determined to be a CAHRA because of their rating according to the RMI – Country Risk Assessment Tool, UPMR will also concentrate its enhanced due diligence on the presence of non-state armed groups and public or private security forces within the country, with a particular emphasis on our supplier's operations.

UPMR will take steps necessary to ensure that the customer/supplier is not supporting non-state armed groups (or their affiliates), directly or indirectly, through any part of its gold supply chain. These steps may include, but are not limited to:

- Validating legal ownership of the mine sites
- Evaluate whether or not supply chain actors could be taxed or extorted at mine sites, along transit routes, or points of export

***** Currently UPMR does not refine any mined material from any country classified as a CAHRA*****

With regard to public or private security forces, UPMR will take steps necessary to ensure its supply chain is free of the same concerns listed above for non-state armed groups and perform the following assessments:

- Make evaluations to determine whether or not they are performing duties solely to maintain the rule of law including:
 - Safeguarding human rights
 - Providing security to mine workers, equipment, and facilities
 - Protecting the mine site and transportation routes from interference with legitimate extraction and trade.
- Where we or any company in our supply chain contract public or private security forces, we commit to or we will require that such security forces will be engaged in accordance with the Voluntary Principles on Security and Human Rights.
- We 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.
- We 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 (ASM), to adverse impacts associated with the presence of security forces, public or private, on mine sites.

UPMR will also make inquiries to the different supply chain actors to reasonably ensure that their process for extracting gold or for processing gold are consistent with environmentally safe industry practices.

UPMR performs enhanced due diligence to assess whether the risks are actually present in our supply chain. UPMR uses publicly available information, including but limited to, publications by the UN, OECD and other NGO groups. Additionally, UPMR collects other non-public information from the customer/supplier, including but not limited to, the KYC information they have collected from their supply chain actors, government documents, and transaction records.

When UPMR cannot collect sufficient information to reasonably eliminate all risks through the above method, UPMR prepares an on-the-ground assessment plan to visit the supplier's sites "Site Visit" and observe all parts of the supply chain in order to identify actual risks. The plans are outlined in the UPMR Site-Visit Questionnaire and executed by the Compliance Specialist or by other members of management in conjunction with a member of UPMR's staff who speaks the native language. Our representatives will visit and make observations about mines, traders, transporters and transportation routes. When possible, they visit all mines. When that is not practical, a representative sample of locations is determined as part of the site visit plan. This selection decision will include a review of "public and non-public information" and their assessment against Annex II risks. They will also collect photographic evidence and written documentation as well as collecting other evidence to support their observations.

As part of the on-the ground assessment, UPMR representatives interact with employees, local government officials, and other "key" stakeholders. Interviews are conducted to further ensure that any "red flags" identified are adequately mitigated.

When it is not feasible for UPMR to conduct site visits or when risks are determined to be of the highest level, UPMR will use a third party investigator who is trained in superior levels of auditing and investigation in this particular level of expertise. UPMR will rely on their report and recommendations before sourcing from suppliers who are categorized at this level of risk.

During our site visits, UPMR employees make observations and gather evidence that support the information provided by the suppliers. Additionally, when appropriate, UPMR representatives have met with local bank and government officials during visits.

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Trust our
Long-Standing
Financial
Strength &
Stability
since 1988...**



PROCEDURE TO IDENTIFY CONFLICT-AFFECTED AND HIGH-RISK AREAS

Purpose

This procedure is part of the heightened standards for "Responsible Sourcing" certification. The purpose of this procedure is to identify conflict-affected and high-risk areas (CAHRAs) that will be applied to all materials and suppliers of materials (including beneficiaries). United Precious Metal Refining, Inc. (UPMR) will evaluate each country and identify the country as a CAHRA in one or more of the following areas: Armed Conflict, Governance, and Human Rights abuses.

Definition of CAHRA's

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



IDENTIFY CAHRA'S

UPMR will continue its efforts to help ensure supply chain sustainability. UPMR will use a new rating model which provides a high-quality risk analysis and a confidence risk rating for each country evaluated. UPMR will classify each country based on multiple data points collected within the CAHRA Determination Overview (CDO). The CDO will have information on the following topics, which will help UPMR make a Risk Level determination for each country.

- Armed Conflict
- Governance
- Human Rights
- Anti-Money Laundering
- Bribery & Corruption
- Negative News
- Plausibility
- EU Regulation 2017/821
- RMI Risk Assessment Tool
- Scope Relevance
- References



UPMR will utilize the RMI Risk Assessment Tool which provides country rankings and indices to assist with Risk Assessment. The RBA's Risk Assessment Platform is the first step in the RBA Risk Assessment Model. The map provides information on most countries and internal regions, a confidence percentage in their analysis, a risk band level, and an overall Risk score.

Additional outside resources will be utilized to determine if a specific country's risk level could be elevated to a higher risk rating when additional data or information from other organizations, or red flags are identified while conducting due diligence review of a country.

If a country has a higher rating based on political instability, armed conflict, or human rights abuses but the overall risk band is assessed as low or medium, Compliance may make the determination to identify the country as higher risk due to any red flags being identified as a result of our own due diligence.

If the RBA Overall Risk Confidence percentage is below the 80%, confidence level, additional due diligence will be conducted on the country by UPMR to make a more detailed assessment.

When evaluating countries that are not listed on the RMI Country Risk Assessment Tool, UPMR will utilize the additional data collected within the CAHRA Determination Overview that will be used to make a Risk Level determination.

EVALUATING SUPPLY CHAINS FOR CAHRA'S

Using information obtained through United's Know Your Counterparty (KYC) of all of its suppliers and our Supply Chain Mapping Tool, our Compliance Officer will identify all countries in its supply chain in each of the following categories:

- Material origins
- Material transit routes
- Supplier or beneficiary locations

Once a CAHRA has been determined, UPMR will follow our enhanced due diligence and risk mitigation policy to determine the level of due-diligence which must be completed before proceeding with any precious metal activity with a supplier from this region.

A list of all CAHRA's in UPMR's customer base will be compiled and referenced for identification of "Red Flags" or other supply chain risks. This process will be documented and updated by the compliance officer or a team member from the Compliance department using the CAHRA Matrix. The UPMR database allows compliance to label a country a CAHRA or remove the CAHRA label from a country using the country code maintenance function. This function also allows compliance to label sanctioned or extremely risky countries as "do not allow" which will prevent the entry of lots and or orders.

IDENTIFYING CONFLICT MATERIAL THROUGH SUPPLY CHAIN DUE DILIGENCE

UPMR affirms our commitment to show that gold we supply to our customers are in compliance with the OECD (Organization for Economic Co-operation and Development). UPMR is also in compliance with the RMI's Responsible Minerals Assessment Protocol (RMAP) for sourcing only from "non-conflicted" areas of the world and subjected to Responsible Supply Chain due-diligence. This guidance, as recommended by the OECD, is in keeping with the compliance and reporting information that is required by the Dodd-Frank Act, Section 1502, has been part of UPMR policy since October of 2011. This guidance, provided by the OECD, RMI, RJC, as well as the LBMA, all work to harmonize the protocol for all participants.

The countries which are presently included in the Dodd-Frank list of "conflicted areas" are listed below:

Democratic Republic of the Congo
Central African Republic
Tanzania

Angola
Republic of the Congo
Uganda
Rwanda

Burundi
Sudan
Zambia

We also exercise enhanced due-diligence in any country which has been determined by the European Commission (reg. EU – 2017/821) to be a CAHRA. Further, UPMR does not transact business in any country determined to be "extreme-risk" in by the Responsible Minerals Initiative (RMI) utilizing their Global Risk Map.

UPMR, through its use of **The RMI Risk Assessment Tool** and our own CAHRA Determination Matrix, is able to determine the countries that meet our criteria as High Risk CAHRA's. As such they are subjected to enhanced due-diligence prior to UPMR transacting business with them. Further, site visits to these locations are performed when safely feasible (due to Covid restrictions).

Gold, or their derivatives, including tantalum, tin and tungsten are mined by armed groups and rebels using unfair human rights and labor practices. It does happen that some of this material is moved in such a way to attempt to integrate it into the supply chain for use in the creation of products used around the world. As part of that commitment, UPMR will avoid and refuse any materials that directly or indirectly support or benefit unlawful armed conflict or contribute to serious human rights abuses or breaches of international humanitarian law.

To comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act (Section 1502), UPMR performs "due-diligence" on certain minerals in which the original type of material and source of origin cannot be readily verified (such as melted gold or processed material).

It has been and remains the policy of UPMR to refuse any metals from the "conflicted areas" as indicated in the original Dodd-Frank legislation. *

However, to ensure that such material does not enter the supply chain, UPMR will perform due-diligence on materials received by UPMR in forms that are not readily identifiable.

A document which we ask customers to fill out annually seeks to verify the origins of their material and state that it originates from 'non-conflicted' areas. We also inquire as to the areas that the materials transits through.

*It is permissible to accept metal from the countries/regions classified as High Risk following an extensive due diligence/chain of custody search in order to ensure that such materials were obtained and processed through approved and well documented channels. UPMR will not accept any materials from these countries/regions mentioned above unless such documented supplies were in sufficient quantity to make it economically viable.

FREQUENCY & REVIEW

Given the evolving nature of the information about countries and areas where metal can be sourced, UPMR takes a conservative approach to our sourcing regions. It is presently UPMR's policy to review any country from which we source materials or for which materials transit through as part of our semi-annual review. At that time, the UPMR/CAHRA Matrix will be updated to reflect the new ratings. Additionally, UPMR will re-evaluate each country and supplier affected by a change in ratings against our Supply Chain Due Diligence Policies.

MITIGATION OF RISK:

UPMR will once again align itself with the OECD Due Diligence for Responsible Supply Chains, Annex II for the purpose of mitigating actual risks that it has identified in its supply chain. Once actual risks are identified in the supply chain, UPMR will engage with appropriate stakeholders, local governments, and international organizations to attempt to mitigate the risks. These risks will be reported to UPMR senior management, who will then work to create a plan to mitigate the identified risks. The plan will include timetables, measurable steps and goals to be agreed upon with stakeholders to improve and reasonably eliminate the identified risk(s). Whenever UPMR feels that they will have a positive social impact on stakeholders in the supply chain by remaining engaged with a supplier, UPMR will make sincere attempts to do so. When all efforts to mitigate risks are exhausted, or if UPMR cannot adequately engage stakeholders to participate in risk mitigation, UPMR will disengage from a supplier. UPMR will segregate materials from that supplier and hold them from processing until actual risks are mitigated when appropriate.

The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Annex II ("OECD – Annex II") model prescribes the following mitigation related to each risk:

Regarding risk management of serious abuses:

UPMR 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 OECD – Annex II - paragraph 1 & 2 (Identified above as UPMR risks related to the RMI – Country Risk Assessment Tool).

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

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

Regarding risk management of public or private security forces:

In accordance with the specific position of the company in the supply chain, we will immediately devise, adopt and implement 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 the OECD – Annex II - paragraph 5, where we identify that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with the upstream suppliers after the 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 their paragraphs 8 and 9, we will respond in the same vein.

Suppliers requiring additional fact and risk assessments:

As detailed in Step 3(D) of Annex I, UPMR will conduct an additional risk assessment on those risks requiring mitigation after the adoption of the risk management plan. If within six months from the adoption of the risk management plan there is no significant measurable improvement to prevent or mitigate the risk of direct or indirect support to public or private security forces, as identified in paragraph 5, UPMR will suspend/discontinue engagement with the supplier for a minimum of three months. Suspension may be accompanied by a revised risk management plan, stating the performance objectives for progressive improvement that should be met before resuming the trade relationship.

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

In accordance with the specific position of the company in the supply chain, we commit to engage with suppliers, central or local governmental authorities, international organizations, civil society and affected third parties, as appropriate, to improve and track performance with a view of preventing or mitigating risks of adverse impacts through measurable steps taken within reasonable timescales. We will suspend or discontinue engagement with upstream suppliers after unsuccessful attempts at mitigation.

UPMR is cognizant that disengagement of our source of supply may not help to improve the human rights situations of those who are being impacted by such abuses. Therefore, whenever possible, UPMR will make every effort to mitigate the risks prior to disengagement. By doing so, UPMR can attempt to improve the situations of those affected by the activities which initially violated our standards.

UPMR senior management will use OECD Due Diligence Guidance for Responsible Supply Chains, Annex III as guidance to developing and implementing risk mitigation plans. All identified risks will be listed on the Risk Mitigation Tool, where the progress and status of each risk can be monitored and updated, and timelines can be determined.

From time to time, UPMR will find itself in the position of having to reject potential customers due to issues or situations which are not acceptable to the company and our due diligence practices.

Potential customers have been rejected by UPMR for the following reasons:

- Unwillingness to complete the KYC documentation
- Unwillingness to complete documentation as to the source of their material
- Due diligence background checks which have uncovered a history of potential Money Laundering or other financially related “red flags”
- Submission of fraudulent documents
- Initial requests that payment check be “split” or payable to a third party
- Potential receipt of payments from an unrelated third party in payment for goods ordered
- Customer material does not coincide with the type of business the customer is involved in
- A site visit indicated inconsistencies with what the company stated procedure to supply metal

IMPROVEMENTS AND NOTABLES DURING REPORT PERIOD:

UPMR continues to enhance its Supply Chain Due Diligence program through internal review and external assessments. For many of our policies and procedures that have been in place for years, this may be as simple as putting into writing what is already accepted and practiced in order to document policies in a way that are better understood and repeatable.

Our focus for improvement has been to collect, store, and report on information in our database in ways that are purposeful and permit UPMR to perform meaningful analysis. The goal is to be more efficient and thorough in how we perform our due diligence and analyze risks in our supply chain. These enhancements are implemented over time due to the large number of customers and volume of transactions that UPMR processes on a year-over-year basis. Although UPMR takes a risk-based approach, our continued goal remains to apply our enhanced policies and procedures to our entire database. This ensures that our entire customer base and supply chain are conformant with our current policies and procedures. As such, this policy focuses on implementing changes immediately to the higher risk suppliers and transactions, gradually bringing the suppliers and transactions labeled as lower risk up to the same standard as soon as feasible.

UPMR makes ongoing efforts to update and review existing policies/procedures relating to our compliance program. Also, UPMR has implemented the following policies/procedures since the prior audit period as a result of an additional need being identified or recommended:

- Site Visit Procedure and Tracker
 - Better centralize the date of site visits for more effective tracking
 - Formalizes the process of Site visit evaluations by the specialist, SME, and Compliance Officer.
- Metal Source Declaration
 - Replacing the Supplier Certification of Materials to be more in line with new Supply Chain Due Diligence policy
 - Cover Pages shortened to eliminate redundancy of due diligence policy
 - Additional questions added to increase collection of pertinent information.

- Adopted the 2021 NDAA AML Reform requirements
- Incorporated the regulations under EU/2017/821
- Conducted at EITI initiative report
- Expanded the evaluations of each country we conduct business with, including a risk determination report
- Enhanced our procedure to capture red flags through a pre-lot entry due-diligence procedure
- Combined our questionnaire/introductory interview processes

As previously mentioned, UPMR undergoes an annual third-party assessment of our AML program, which was performed in July 2021. UPMR was audited against the Responsible Jewellery Council 2013 - Code of Practices Standard in August of 2019. UPMR earned a 3-year extension which will be up for renewal in early 2022.

UPMR continues to engage with customers, suppliers, financial institutions, and other members of the industry to promote responsible sourcing practices. Michael Mikolay continues on Audit Committee of International Precious Metal Institute (IPMI), as well as being the Treasurer, of the New England Chapter. As in 2020, many major industry events in the first half of 2021 were postponed due to COVID-19.

As usual, a few suppliers had requested UPMR process materials that were imported into the US, but for which UPMR had not received the proper importation paperwork. For most of the suppliers the paperwork was collected and reviewed and UPMR was able to receive and process the materials. For other suppliers that were unable to provide UPMR the appropriate paperwork, their materials were rejected and UPMR disengaged any further relationship with the suppliers.

UPMR has been able to earn business from many new suppliers over the past few years due to some larger competitors exiting the market. For this same reason, UPMR has also rejected many suppliers attempting to establish new accounts as a result of red flags that have been identified during the basic and enhanced due diligence processes that we were unable to resolve. These red flags include, but are not limited to:

- Misrepresentation of origin of materials
- Materials sourced from mines in CAHRA countries
- Negative News about an entity or individual
- Failure to provide complete or comprehensive information about the supply chain or procurement process

UPMR continues its practice of declining any materials (recycled or primary) that originates from suppliers that source both primary and secondary materials. This is done to prevent UPMR from potentially sourcing primary materials that could be commingled with secondary materials at the same facility due to any ambiguity in the production lines of the supplier. Other potential suppliers were not accepted due to our unfamiliarity with the country from which the supplier's materials originated.

Over the period following our last audit, UPMR has not found it necessary to submit any SAR (Suspicious Activity Report) or CTR Form 8300 for this reporting period.

FUTURE PROGRAM ENHANCEMENTS:

UPMR continues to work on implementing a new Risk Rating Matrix to better automate the current Due Diligence procedures. This improvement will allow the compliance team to better delineate risk levels and reallocate compliance efforts based on these defined levels.

UPMR is currently in the final stages of its review and rollout of our new documentation delivery program. This system will allow UPMR to consolidate documentary requirements into a packaged information request packet and to deliver to the customer any forms required in a much more expedited and efficient manner. This new methodology, scheduled for release in early 2022, enables the customer to submit documentation online and is a "one-stop" alternative to paper forms.

COVID STATEMENT:

UPMR, as has many other industries, was adversely affected by the pandemic for calendar year 2020. While 2021 has been a better year for our employees, metal supplies continue to navigate the difficulties. As an essential business, UPMR has continued its refining and manufacturing activities. In order to do so, UPMR made the necessary adjustments to protect our employees and put into place procedural changes to adapt and operate while dealing with the continuing impact of the virus and its variants during 2021.

COVID concerns continued to reduce the amount in-person events in the beginning of 2021. Although industry trade events began to resume in earnest in the latter half of 2021, their attendance and substance of these events were not as robust as in years past. Seminars, such as those related to compliance were presented in lesser frequency. However, when the opportunity, our UPMR representatives continued to speak about compliance issues during in person conversations.

Our compliance specialist, Raysa Garcia has been able to make site visits to most of our CAHRA locations, sometimes at risk to her safety and health. We will continue to monitor COVID at home and around the world and resume a regular site visit schedule when conditions improve and we are able to travel safely and with reduced restrictions. We will also continue to exercise caution to potential risk by limiting our onboarding of new suppliers to locations where site visits are not hampered by any potential restrictions. As noted in a previous report, one of our existing customers had expressed an interest in becoming “recognized” by the RMI as “conformant smelters”. Unfortunately, due the COVID-19, it is noted on the RMI website that the visit to assess their company was postponed by the RMI until 2021, or now perhaps 2022. UPMR will continue to encourage this organization to follow through and assist where possible to obtain the “certification” when practical for all concerned.

CONCLUSION:

UPMR takes steps to reasonably ensure that our processes identify and mitigates all risks as identified in the Procedure for Enhanced Due Diligence and as identified in the OECD Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict - Affected and High-Risk Areas. We are proud of our efforts and are pleased to perform the scrutiny required to ensure that conflicted metals do not make their way into the supply chain. These steps are invaluable in ensuring that UPMR is not contributing or aiding in the support of armed groups or the abuses of the worst forms of human rights through their sourcing initiatives.

UPMR has also created a grievance policy to help identify risks and short-comings in its sourcing initiatives. This mechanism is publicly available to all supply chain actors and employees on our website: www.unitedpmr.com. To date, UPMR is pleased to report that no outside third party to examining operation has found it necessary to question UPMR due-diligence processes.

