

DUE DILIGENCE REPORT 2021/22

Throughout the period June 2021- May 2022, Drijfhout continued to strengthen the implementation of its policies and where possible implement recommendations suggested by its colleagues in the IMVO Gold as a means to meet its obligations of OECD guidance for gold.

As required by step one of OECD, the company allocated specific product line responsibilities to named Purchasing officers who report directly to the managing Director. These officers continually monitor supply for an unexpected changes, with any significant changes raised directly with the MD. If identified, the company works with the supplier to understand the reason and implications of any changes and If not resolved within a defined period of time, the supplier advised that suspension of trade may occur..

When establishing a relationship with a new supplier, the company requests the completion of its KYC policy which is used to identify and assesses if any risks exist in its supply chain of the supplier. This includes a request for the names of refiners they have identified in their supply chain. As a minimum we ask the supplier for confirmation they have checked the 3rd party audit status of refiners. This information is checked on materials and suppliers during any ongoing supply relationship and any change in supplier status, material quality, volume or received market information, would trigger a red flag . The exact steps of the companies KYC process are confidential, but continue to be improved to include details of Ultimate Beneficial Owner (where applicable) and checking of suppliers` compliance with OECD. All such assessments are checked and signed off by either the Managing director or an authorised deputy. Drijfhout believes that by checking and reviewing the legal and fiscal data of direct partners and checking compliance with appropriate legislation, it is meeting the requirements of step 2 of OECD guidance. Such checks and reviews apply to product suppliers and any refiner identified in its supply chains.

During its trading and reviews of 2021-22, Drijfhout identified no significant risks in its active chain, but reacted to the changing situation relating to Russian supply. As supply from this area represented a potential red flag, all suppliers who presented a risk of being supplied (in friendly countries), were directly contacted and clarification that no supply was occurring requested. All suppliers confirmed they did not have such metal in there supply chain and the red flag removed. Details of the potential red flag was also shared with other members of the IMVO gold. The company believes it demonstrated a pro active approach potential red flags and met the obligations of step 3 of OECD. In all cases should a (potential) red flag be identified (even by omission of data) Drijfhout has a policy of advising its suppliers of its OECD obligations and recommending the actions its suppliers should take to meet OECD requirements. Should a supplier continue to not address the issues, the company assesses the risk of continuing with the relationship and take appropriate action to protect its interests.

Drijfhout regularly checks any refiners identified in its supply chain against the Responsible Minerals Initiative list of compliant refiners/smelters (www.responsiblemineralsinitiative.org/smelters-refiners-lists/) Additionally any supplier of gold containing product has its RJC status checked along with any other suitable registration provided. By checking on the appropriate sites, Drijfhout believes it is carrying out sufficient due diligence on its suppliers and meeting step 4 of OECD as the mentioned sites give up to date information regarding a suppliers audit status.

A modified and expanded questionnaire was sent to all suppliers, who during the period June 2021 and May 2022, provided gold or gold containing products to the company.

Based on the replies to the questionnaire the company determined that in 2021-22

99,4+ % by weight, of all gold sold was from companies where the refiner was reporting or meeting OECD compliance. This compares to 98% for 2020-21

Compliance to OECD is judged either on the basis of data published on one or more of the RMI, LBMA or RJC websites. In the case of a smaller local refiner, compliance is accepted based on the that refiner publishing its own due diligence report, is being independently reviewed by the IMVO Gold and judged to be meeting OECD guidance.

Reviewing the data on direct purchases and information provided by suppliers, Drijfhout identified the following refiners in its supply chain -

Heimerle+ Meule
Sempsa JP
Agosi
C Hafner
Elephant Refinery.
Istanbul Refinery

The total volume of gold sold during 2021-2022 where a refiner had not been identified was determined to be close to 0,5% of sales by weight, spread across about 12 smaller suppliers who each supplied under of 0,1% (by weight) of gold purchased. This volume is deemed so small as to be incidental and not material to the supply chain in itself.

Like its sister Group companies, Drijfhout remains open to provide additional data either verbally and or by email to any person or organisation that has a legitimate reason to request the data. Similarly the company will investigate any grievance or concern regarding the products it supplies, responding directly to that person/organisation with its findings along with its intended actions, as and if required.

As Drijfhout is also active in the recycling chain. Any company or person providing materials for recycling are treated as suppliers and subjected to the same KYC and due diligence as all others suppliers. This is to identify the origin of materials offered for recycling and the fiscal/legal status of the company and the person offering the supply.

For both 2021-22, Drijfhout continued its policy of sending 99,8% of all refining materials received (by weight) to its own group refiners for treatment. These being Heimerle+Meule GmbH and Sempsa JP. These are both RMI and RJC compliant refiners and have the appropriate Environmental, Legal and compliance registrations. Neither trade with or purchase from high risk countries, do not send recycling output to such countries and have meet appropriate local and EU regulations, no red flags were identified in the upstream supply chain.



Chris Kuscher
Managing Director

June 2022.