

## **SUSTAINABILITY POLICY**

### **I. INTRODUCTION**

MUFF TRADING AG recognizes the importance of ESG factors to conduct our business. We are committed to operate under strict conduct and governance policies, meeting and exceeding environmental and social expectations.

Part of the company's mission is the responsibility of contributing to the transformation of raw materials into valuable metals for an increasingly demanding world. All our employees, suppliers, and customers have to apply a responsible approach, whether in direct business operations or surrounding areas involved in our supply chain.

### **II. OBJECTIVES**

Our main objectives of this Sustainability Policy are the following:

1. To not cause or contribute to incidents resulting in severe human rights impacts, by continuously monitoring activities involved in day-to-day business operations;
2. To seek to incorporate social and ethical considerations in our relationships with suppliers and customers; and
3. To assume responsibility to protect the environment.

### **III. THE COMPANY'S KEY PRINCIPLES**

#### **1. Human Rights**

Abuses in the supply chain have been a longstanding global issue and can be difficult to monitor and mitigate. As part of our responsible sourcing business conduct, we consider human rights as an essential component of our compliance.

MUFF TRADING AG will not support nor tolerate violations of human rights by any party, including:

- Forced or compulsory labor
- Harsh and inhumane treatment
- Any forms of gender, racial, religious, or other discrimination
- Any violation of minimum age of child labor (as per ILO C138) or forms of child labor (as per ILO C182)

- Serious violations of international humanitarian laws indicated in the Geneva Conventions and additional protocols

## **2. Anti-bribery and Corruption**

MUFF TRADING AG has zero-tolerance guidelines with regards to bribery, corruption, and any other similar type of illegal actions. We are committed to acting professionally, fairly and with integrity.

Bribery and any form of obtaining an unfair advantage such as offering, promising, authorizing, soliciting, or receiving a benefit with the intention of influencing a person in the performance of their duties is completely forbidden at MUFF TRADING AG. Furthermore we do not tolerate any involvement of corruption while doing business with the public or private sector.

## **3. Anti-Money Laundering**

MUFF TRADING AG will carry out reinforcements to identify and avoid any potential risk related to money laundering. The company is aware of this risk in the mining industry and will evaluate suppliers and Ultimate Beneficial Owners (UBO's) in the supply chain. Internal DD and KYC risk management process established, support us in executing and ensuring its efficiency.

## **4. Responsible Sourcing**

MUFF TRADING AG cultivates transparent mineral supply chains and sustainable corporate engagement in the mineral sector with a view to enabling countries to benefit from their mineral resources and preventing the extraction and trade of minerals from becoming a source of conflict, human rights abuses, and insecurity. The group therefore also employs 95% of its global staff in countries where we source our goods.

## **5. Non-State Armed Groups**

MUFF TRADING AG will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling, or export of minerals. This will also apply to any party involved in providing logistical assistance or equipment to non-state armed groups.

## **IV. THE ENVIRONMENT, HEALTH, AND SAFETY (EHS)**

MUFF TRADING AG is committed to environmental protection, employee health and safety, compliance with legal requirements and other obligations, pollution prevention,

efficient use of energy, water, and other natural resources, and reducing the environmental impact of our operations and supply chain.

Our commitment is realized through the continuous improvement of our environmental, health, and safety guidelines and operations to enhance performance and teamwork.

The foundation for achieving our commitment is based on:

1. The integrating of Environmental, Health, Safety and Sustainability elements into an overall business strategy and supply chain management. Our team must ensure, through an evaluation, that there are no major issues associated to our industry such as:
  - a. Safety of Tailing Dams
  - b. Wastes and Hazardous Materials
  - c. Water Use and Storage
  - d. Mining Permits and Environmental Licenses
  - e. No deforestation for mining projects or production
2. Reducing the Environmental, Health, and Safety risks by minimizing the environmental impact and eliminating health and safety hazards to our employees, suppliers, clients, and final consumers;
3. Implementing the efficient use of energy, reducing greenhouse gas emissions, and supporting climate change initiatives;
4. Conserving energy, water, and other natural resources in our operations and facilities;
5. Communicating policies and expectations to all our employees, clients, suppliers, other stakeholders, and the public; and
6. Supporting communities where we do business and fostering community outreach and active engagement.

## **V. RISK MANAGEMENT**

MUFF TRADING AG has implemented a series of due diligences and response actions where the main objective is to have clear guidelines to prevent and avoid potential risks associated with the supply chain.

The early identification and observation of risks based on collected and evaluated information are key factors to enter into any new business transaction. Once a new commercial transaction is in place, then additional monitoring during execution will apply to limit arising negative effects.

### **1. Company Implemented Systems**

- a) **Adoption of Policies**  
Adopt policies for a responsible supply chain of minerals and be consistent with the OECD Due Diligence Guidance, and support the implementation of the extractive industry transparency initiative;
- b) **Know Your Client (KYC)**  
Establish an internal system of transparency, information collection, and records of supply chain due diligence processes;
- c) **Traceability of Minerals**  
Compile information related to the mine of origin, production, transport, trade, export, and the identities of any suppliers of minerals and disclose this information to immediate downstream purchasers or to any mandated institutional mechanism;
- d) **Communication**  
Suppliers must be aware of MUFF TRADING AG policies, actions, and expectations related to responsible sourcing. Companies should be aligned to the same principles in their supply chain. Besides sharing all those policies with our stakeholders, our commercial contracts include the same regulations and clauses than our policy frameworks.

## **2. Identify and Assess Risks in the Supply Chain**

- a) **Conflict-Affected or High-Risk Areas**  
These areas are characterized by an institutional weakness, political instability, insecurity, armed conflict, widespread violence, or other harmful risks to people.  
  
Determine if the supply is mined, purchased, or transported from a conflict-affected or high-risk area.
- b) **On-the-Ground Assessment**  
Search for factual circumstances of red-flagged supply chains by reviewing research reports and consulting with local and central governments as well as civil society organizations.
- c) **Ownership**  
Obtain information related to ownership and the supplier's corporate structure including details of the ultimate beneficial owners. Assess if

there are any direct links to governmental, political, or military affiliations.

- d) Quantity and Method of Extraction  
Obtain information regarding quantity output of the mine and the ore extraction method used such as artisanal or small and large scale mining.
- e) Identification of All Upstream Intermediaries  
Obtain information related to production of primary ore and other actors such as concentration plants, consolidators or traders.
- f) Transportation Routes  
Assess that during transportation, there is no major risk of replacing material with substitutes. Further assess and identify any potential war or political risk alongside the travelling route, and if existing avoiding those routes at all costs.
- g) Taxes, Fees, or Royalties Paid to the Government  
Assess that the received cargo at the export location has been legally acquired including the payment of fees and royalties to the local government as evidenced in the export documents. In the event of other local taxes, monitor that within the supply chain, there are no legal cases open or recently settled.
- h) Abuses, directly or indirectly, made by parties involved in the supply chain which support illegal activities or non-state armed groups  
Obtain information related to security forces on mining sites and routes from the mine up to the export location. Actively search for information in the local and industry market that can identify potential red flags.

### 3. Risk Management

- a) Report identified supply chain findings to management:  
All findings spotted during the identification process must be informed to senior management by outlining the potential risks for the company. The management then has to inform the local authorities wherever needed and of importance.
- b) Devise and implement a mitigation plan:  
Information received by management shall be evaluated with priority to mitigate risk or immediately suspend or discontinue engagement with

specific upstream suppliers if there is a reasonable risk that they are sourcing from or otherwise affiliated with any party committing serious human rights abuses or providing direct or indirect support to non-state armed groups.

c) Mitigate, Monitor, and Track

Sourcing from upstream suppliers with a low/medium reasonable risk is possible. However, in such cases, the company should immediately implement a risk-management plan to eliminate these risks.

Risk-management measures can include formalizing security arrangements, reporting abusive units to competent authorities, and/or improving and monitoring transparency systems.

Monitor the risk management plan and commitments, including the engaging with impacted communities and stakeholders to support monitoring.

All the high risk origin do also require a daily presence with local staff on the mining and production site, to ensure all our internal policies and regulations can still be met.

#### **4. Communicate and Report on Due Diligence**

Publicly report on the company's due-diligence efforts for responsible supply chains of minerals from conflict-affected and high-risk areas. Reports should focus on the actions taken by the company to address an identified risk.

Publish the risk assessment with due respect to business confidentiality and other competitive concerns. Provide a description of any audits in which the company has participated.

## **VI. APPLICATION**

### **1. Red Flags**

a) Based on Locations of Mineral Origin and Transit

- The minerals originate from or have been transported via a conflict-affected or high-risk area;
- The minerals are claimed to be originated from a country that has limited known reserves, probable resources, or expected production levels of the mineral in question (i.e. the declared volumes of mineral from that

country are out of keeping with its known reserves or expected production levels);

- The minerals are claimed to have originated from a country in which minerals from conflict-affected and high-risk areas are known to transit.

b) Based on Supplier

- The company's suppliers or other known upstream companies have shareholder or other interests in companies that supply minerals from or operate in one of the aforementioned red flagged locations for mineral origin and transit.
- The company's suppliers or other known upstream companies are known to have sourced minerals from a red flag location of mineral origin and transit in the last 12 months.

## 2. Company Risk Classification and Response

MUFF TRADING AG undertakes the following approaches for the risks identified in the due diligence process:

a) Low Risk

The Company will implement the following responses where a low risk is identified:

- Continue relationship with ongoing business partner, and minerals shall be segregated temporarily;
- Monitor the supply chain and strengthen due diligence in points that need further attention;
- Engage with stakeholders about any observations to improve and correct potential risks.

b) High Risk

Related to those risks that can severely harm the company's reputation and contribute to conflict. This category needs urgent responses such as:

- Alert competent national authorities of any serious violations to human rights, child labor, or environmental problems.
- Disclose findings with stakeholders of the assessed counterparty to promote awareness and design a mitigation plan to solve conflict where possible.
- Suspend trade with the counterparty for a period of three to six months until mitigation of the conflict has been solved.
- For minerals acquired prior to the identification of the conflict, MUFF TRADING AG will segregate these units and resale to local authorities at cost.

- Inform upstream clients and industry of any serious conflicts.
  - Publish relevant findings in annual statements.
- c) Indeterminable Risk  
Where further assessment needs to take place before taking actions to potential conflicts, responses to this type of risks are:
- Accept minerals which may be segregated from other materials until further assess has been performed. This shall include independent third-party assessments.
  - Improve internal due diligence systems.
  - Support efforts of local authorities to improve governance of the mineral sector.

Sustainability is being treated internally as a high priority. We will undertake everything to keep standing for good business practices, its implementation and control. This sustainability policy will be undertaken frequent reviews and needed adjustments or improvements will be implemented accordingly.



Luca Muff  
CEO & CHAIRMAN OF THE BOARD