



CAHRA's

## OECD Guidance: Standard Policy & Procedure to Identify & Assess Conflict-Affected and High-Risk Areas (CAHRA)

Alexy Metals implements due diligence as a continual, ongoing process. The process complies with the OECD Guidance for Identification and Assessment of Supply-Chain Risk(s). All purchases are reviewed in accordance with this policy to assure compliance. Risk assessment and mitigation is based upon the criteria listed in this policy. In order to identify and assess supply chain risks, Alexy Metals has implemented the following process.

- 1. Identification of Supplier and Material Source**
- 2. Identification of Conflict-Affected and High-Risk Areas**
- 3. Determination of the Scope of the Risk Assessment**
- 4. Identification of Supply-Chain Risk(s)**
- 5. Assessment of Supply-Chain Risk(s)**

### **1. Identification of Suppliers and Material Source**

Alexy Metals ensures all suppliers and material are identified and sufficient documentation is obtained on the origin and chain of custody of material in accordance with the requirements of RMI-RMA standard and its Annexes. Alexy Metals does not purchase ore. As such, it assures that the supply chain for intermediate & secondary raw materials, as defined by the RMI-RMAP standard, are consistent with the definitions listed for each category of material.

#### **Identification of Suppliers**

Alexy Metals establishes and implements the basic Know Your Supplier (KYS) requirements to determine the identity, type of business relationship and legality of business operations for each supplier of Gold material. The KYS process includes verification of individuals and entities. The KYS is performed on all suppliers before entering into a business relationship with a supplier and throughout the business relationship.

#### **Identification of Material Category and Source**

Alexy Metals identifies the origin of materials and categorize the materials in accordance with their source using Annex II of the RMI-RMAP. Full disclosure requirements on the origin and chain of custody of material will be written into any agreements and / or contracts with suppliers as applicable by the standard. The documentation required is determined in accordance with the category and source of the material using Annex I for guidance on the documentation requirements.

### **2. Identification of Conflict-Affected and High-Risk Areas**



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Alexy Metals has implemented a process to determine if there are any Conflict-Affected and High-Risk Areas (CAHRAs) as defined by the OECD Guidance in its supply chain.

Areas of concern & identified as potential CAHRA include:

- Central Africa Republic
- Myanmar
- Afghanistan
- Democratic Republic of Congo (DRC)
- North Korea
- Iran
- Iraq

This list is also used for the identification of potential Red-Flags.

The process as follows:

- Criteria:
  - Alexy Metals does not purchase ore. As such, the risk determination for the supply chain focuses on conflict and human rights.
  - Alexy Metals sources secondary raw materials as defined by the RMI-RMAP standard. As such, Alexy Metals will assure sourcing follows the RMI-RMAP Annex II guidelines for this supply of materials.
  - The RMI-RMAP guidelines are used to determine a CAHRA. Conflict regions are defined by Dodd-Frank.
- Resources:
  - Dodd Frank is used to define conflict regions. Alexy Metals does not source directly from these regions.
  - The United Nations Human Rights; office of high commissioners, (OHCHR.org) is consulted to assure that there are no human rights risk from the source.
  - The OFAC (Office of Foreign Assets Control) is also consulted to asses risk (Treasury.gov)
  - The Heidelberg Conflict Barometer provides conflict maps, representing an annual snapshot of the presence of armed conflict. (<https://hiik.de/conflict-barometer/current-version/?lang=en>)
- Frequency:
  - The OHCHR & OFAC is reviewed for any new sources and this search is documented.
  - The CAHRA's Procedure, Supply Chain, and Step 5 Report is reviewed annually or as resources are updated to assure continual compliance. The records are filed accordingly.



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### 3. Determination of the Scope of the Risk Assessment

Alexy Metals reviews the information noted in steps 1 and 2 above on the category and source of material to identify CAHRA any will note any red flags, inconsistencies, or discrepancies related to the supplier of material, especially with respect to secondary raw material sources. The proper corrective actions will be taken in accordance with the standard and the guidelines.

**Grievances:** Alexy Metals has an open door policy for any interested party to report concerns regarding circumstances as they relate to the supply chain. The concern can be sent to [info@alexymetals.org](mailto:info@alexymetals.org) or the concerned party can visit the website @ [www.alexymetals.org](http://www.alexymetals.org) and contact any management team member directly @ 216-410-8661 to file. The concern received will be documented and investigated, and if applicable, corrective actions will be implemented in accordance with RMI-RMAP standard.

#### Review for Discrepancies

Alexy Metals

- Shall determine whether there are any inconsistencies or discrepancies related tot the material and KYS, origin and/or transportation documentation submitted by the supplier
- Shall validate links between documents
- Shall inspect all material received for conformity with information available on the type of material, weight and quality of the material
- Shall implement a procedure to investigate and address any discrepancies, inconsistencies or other issues identified during the review of material and documentation received.

#### Determine Plausibility

Alexy Metals assesses the plausibility of material coming from the declared sources to confirm that it matches the expectations set at the time of purchase.

If necessary:

- Efforts will be made to understand production and sources for secondary raw material.
- Consider available information on the source using websites, on site visits and publicly available information.
- Consider the type, volume and gold content of material received for secondary material to assure compliance with the definitions of the standard.



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### Assess Red Flags

Alexy Metals will assess the occurrence of OECD red flags related to secondary material origin, transit, and suppliers. OECD red flags are defined by the OECD Guidance Supplement on Gold as:

- The Gold originate from or have been transported via a CAHRA.
- The Gold is claimed to originate from a country that has limited known reserves, likely 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 originate from a country where materials from CAHRAs areas are known to transit, legally or illegally.
- Alexy Metals suppliers or other known upstream companies have shareholder or other interests in companies that supply gold from or operate in one of the abovementioned red flag locations of gold origin and transit.
- Alexy Metal's suppliers' and/or other upstream companies are known to have sourced gold from a red flag location of gold origin and transit in the last 12 months. (If using an upstream assurance mechanism, they may have this information).

Alexy Metals shall also take into account any other red flag(s) based on industry knowledge or external resources related to CAHRAs and any publicly available information. The areas of concern are listed in the identification of CAHRA (section 2).

### Determine Sourcing Risk Level

Alexy Metals will determine the sourcing risk level for each transaction of secondary raw material in accordance with Annex II of the RMI-RMAP Protocol.

#### 4. Identification of Supply-Chain Risk(s)

Any high-risk sources as identified in Annex II of the protocol will require completion of the Audit High-Risk Sources Workbook prior to the audit program, in accordance with the RMI-RMAP protocol. Given the supply chain, Alexy Metals currently uses the low risk workbook.

#### 5. Assessment of supply chain Risk(s)

Alexy Metals will assess presence and severity of risks in the supply chain by comparing the factual circumstances against the risks included in the OECD Guidance Annex II Model supply Chain Policy.

### Supplier Engagement



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Alexy Metals requires its intermediate material suppliers to engage in the basic KYS screening process for their suppliers. Alexy Metals promotes the basis KYS with its secondary material suppliers.