



ANNUAL REPORT ON DUE DILIGENCE OBLIGATIONS YEAR 2024

Step 1: Internal Management System

Target srl has implemented a company management system described in specific manuals and procedure codes that outline the approach to anti-money laundering, counter-terrorism financing, and ethics through the development of a specific Code of Conduct, as well as responsible sourcing based on the principles of the “RJC Code of Practices” (2019 edition) and the “RJC Chain of Custody” (2017 edition) according to the guidelines of the OECD “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.”

The definition of company roles and competencies is well structured and shared with all relevant stakeholders as required by the internal management system. Responsible functions are periodically informed about changes to applicable regulations.

In practice, the management system provides for the use of documentary supports described below. Counterparties are periodically informed of the need to align with the principles embraced by the company by distributing its General Policy and requesting that the contents be shared.

When counterparties are involved, their eligibility is confirmed.

The internal operating system allows for the monitoring of each refining order to ensure its specific traceability.

Step 2: Identification and Assessment of Risks in the Supply Chain

The identification of risks related to the supply chain is carried out according to the risk indicators referenced in the supplement to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

To further investigate and assess the risk associated with the counterparty's activities, Target srl has defined the operational flow for obtaining information on the material supply chain. After evaluating the information and documentation collected, the organization determines the qualification of the counterparty in order to activate transactions.

The main sources are:

- Manufacturers;
- Gold buyers;
- Metal banks.

The risk assessment carried out by Target srl involves the use of a specific questionnaire sent to all counterparties providing materials to be processed, whether they are customers or suppliers.



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Along with the questionnaire, which must necessarily be returned duly completed by the counterparty, the company policy with its related attachments is sent, and the counterparty is required to agree to its principles.

At the end of the assessment, the designated responsible function informs Management of the outcome. During the period January–December 2023, all transactions were found to be at an acceptable level of risk.

The information that made it possible to assess the risk relating to our transactions as acceptable was collected mainly from the following sources:

- Federorafi for sector press review;
- Confindustria for general press review;
- International databases (e.g. world check);
- Cerved Visius;
- http://ec.europa.eu/external_relations/cfsp/sanctions/consol-list_en.htm;
- <http://www.treas.gov/offices/enforcement/ofac/sdn>;
- <http://bancaditalia.it/UIF/terrorismo/liste>.

Step 3: Implementation of a Risk Management System

If, following news, information, or critical assessment outcomes related to a counterparty, there are reasonable suspicions of involvement in unlawful activities, transactions from that source must be suspended and a report sent to the competent authorities. Internally, the process for managing specific corrective measures would be activated with the involvement of the counterparty itself.

All Target srl personnel are aware of the importance of reporting any suspicious or questionable transactions to Management.

Step 4: Third-Party Audit on Due Diligence

Target srl is certified RJC COP – COC; consequently, its Due Diligence is periodically verified.

Step 5: Supply Chain Due Diligence Report

This report is the first to be structured and organized in this way. It will be supplemented, during future revisions, with any additional data and comments.

During the observation period, no at-risk transactions were identified in the Supply Chain based on the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas,” nor were transactions carried out from mines or from unverified or unqualified counterparties.

Milan, 10/09/2024

Management