

2024 Responsible Sourcing Report

Dillon Gage is a fully integrated precious metals company based in Dallas, Texas. The company maintains a large wholesale bullion trading and distribution business as well as a precious metals refinery and precious metals storage businesses (International Depository Services in Texas, Delaware, and Canada).

Dillon Gage became a member of the Responsible Jewelry Council (RJC) in 2019 and continues to maintain certification against the RJC Code of Practices (COP). The RJC is a non-profit organization that promotes responsible ethical, social, and environmental practices respecting human rights throughout the supply chain of gold, silver, platinum group metals, diamonds, and colored stones. Dillon Gage completed its first RJC COP audit in 2023 and received certification in September 2023.

Organizational Structure

Dillon Gage's core business units include:

- **Wholesale Bullion Trading:** An authorized purchaser and distributor of the United States Mint, Royal Canadian Mint, and The Royal Mint (UK), along with major private mints worldwide.
- **International Depository Services (IDS):** A wholly owned subsidiary offering independent vaulting services for custodians, wealth management firms, and high-net-worth individuals.
- **Precious Metals Refining:** A full-service refining operation for both primary and secondary gold and silver sources, including melting, assaying, and refining.

A dedicated **Compliance Officer** oversees the responsible sourcing program and ensures alignment with the OECD Due Diligence Guidance for Responsible Supply Chains and the RJC Code of Practices. The program is continuously evaluated for compliance and effectiveness.

Policy Framework

Dillon Gage upholds the following core policies to drive responsible sourcing across gold and silver supply chains:

- **Responsible Business Practice Policy**
- **Responsible Sourcing Policy**
- **Anti-Corruption and Bribery Policy**
- **Human Rights Policy**
- **Health, Safety, and Environmental Policy**
- **Whistleblower Policy**

These documents are publicly available at www.dillongage.com.

Key 2024 Developments in Gold and Silver Sourcing

In 2024, the precious metals industry saw emerging risks and regulatory shifts relevant to responsible sourcing:

1. Expanded Focus on Silver Due Diligence

While gold remains the primary focus of supply chain scrutiny, **regulatory bodies and industry frameworks have increased attention on silver** due to its use in electronics, solar, and investment products. Dillon Gage has expanded its due diligence and risk screening to silver suppliers, aligning with the extended scope of the **RJC 2022 Code of Practices** and **OECD Alignment Assessment outcomes**.

2. Heightened Scrutiny of Gold Origin Post-Russia Sanctions

Following 2022-2023 sanctions, **illicit trade in Russian-origin gold** continued into 2024 via transshipment through third countries. Dillon Gage has reinforced controls to detect misrepresented origin, including:

- Enhanced supplier declaration reviews
- Red flag screening for transshipment risk

- More stringent onboarding for new supply sources from high-risk jurisdictions

3. Increased Risks in ASM Gold Sourcing

In 2024, artisanal and small-scale mining (ASM) remained a critical issue. Rising gold prices led to **growth in informal ASM activity**, particularly in Sub-Saharan Africa and Latin America, increasing risks around:

- **Child labor and forced labor**
- **Mercury use and environmental degradation**
- **Involvement of non-state armed groups**

Dillon Gage supports **ASM formalization initiatives** and performs enhanced due diligence for any ASM-linked gold, including KYC, origin documentation, and traceability verifications.

4. Growing Role of ESG Legislation in the U.S. and EU

New regulations such as the **EU Corporate Sustainability Due Diligence Directive (CSDDD)** and **U.S. SEC human capital disclosure rules** have driven demand for more transparent reporting and **traceability down to the mine site**. Dillon Gage is in the process of RJC Chain of Custody Certification with procedures in place to ensure metal traceability.

Supply Chain Risk Assessment and Management

Our risk categories include:

- **Conflict-Affected and High-Risk Areas (CAHRAs)**
- **Illicit Trade / Sanctions Evasion**
- **Human Rights Abuses and Labor Exploitation (including ASM)**
- **Environmental Damage**
- **Financial Crime (money laundering, terrorist financing)**

2024 Risk Response Enhancements:

- Monitoring of **CAHRA Watchlist** cross-referenced with Dillon Gage's country of origin source list.
- Improved **screening for recycled vs. mined material misclassification** in conjunction with RJC Chain of Custody eligible materials management.

Customer Onboarding and KYC Measures

Customer onboarding and KYC remain central to our risk mitigation strategy:

- **Detailed verification of beneficial ownership** and source of materials
- **Country-of-origin validation**, particularly where trade routes suggest possible origin obfuscation
- **Ongoing monitoring and sanctions screening**, with updated lists from OFAC, EU, UN, and UK HMT

In 2024, Dillon Gage increased its use **external compliance intelligence services** to identify regional risk in sourcing activity and supply chain data and provide localized risk assessments.

Transparency and Stakeholder Engagement

In 2024, Dillon Gage expanded public disclosures on responsible sourcing:

- **Published supply chain due diligence summary** for gold and silver
- **Reported sourcing data** to the Responsible Jewelry Council as required
- **Added a grievance mechanism** for reporting on supply chain and responsible business concerns.
- **Enhanced engagement with suppliers**, especially in Latin America through remote audit tools, private compliance investigations and reporting.

Our whistleblower mechanism remains accessible at www.dillongage.com, with anonymous reporting enabled. Reports are managed confidentially by the Compliance Officer and Executive Team.

2025 Forward-Looking Commitments

- **Broaden Due Diligence to Silver:** Establish more detailed risk profiles for silver sourcing, especially secondary/recycled supply
 - **Improve ASM Engagement:** Expand participation in initiatives such as Fairmined and CRAFT Code. Participation in OECD Forum for Responsible Mineral Supply Chains
 - **Adopt Digital Traceability Tools:** Collaborate with tech providers for blockchain and chain-of-custody tagging to support growing RJC Chain of Custody business.
 - **Enhance Supplier Risk Differentiation:** Improve supplier segmentation and trigger thresholds for enhanced due diligence
 - **Continue participation in industry initiatives and certifications** such as pursuing RJC Chain of Custody certification, ISO9001:2015 certification and remaining active with LBMA, IPMI, and SBMA.
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Dillon Gage remains steadfast in its commitment to ethical and responsible sourcing of all precious metals. Our efforts are not only about regulatory compliance but about contributing to a more transparent, equitable, and sustainable precious metals industry.