

MODERN SLAVERY STATEMENT



PALLION®



2020

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ABOUT OUR MODERN SLAVERY STATEMENT

The Pallion Board of Directors welcomes and fully endorses the passing of the *Modern Slavery Act 2018* (Cth) (Act).

This joint Statement (Statement) has been prepared by Pallion and its subsidiaries to meet the requirements of the Act for the financial year ending 30 June 2020 (FY20).

This Statement forms part of our annual reporting suite which also includes our FY20 Sustainability Report and ABC Refinery Compliance Report each of which are publicly available at www.pallion.com

This Statement highlights the undertakings of Pallion and its subsidiaries to ensure that a robust framework and processes are in place to minimise the risk of modern slavery in its operations and supply chain.

As identified by the Act, slavery and human trafficking can occur in many forms including slavery, servitude, human trafficking, forced marriage, forced labour, debt bondage, child labour and deceptive recruiting for labour or services. Pallion recognises this and has developed a comprehensive approach to identify, assess, and address all possible practices of modern slavery and human exploitation in its operations and supply chains.

Pallion is committed to operating responsibly and adhering to the highest ethical standards and does not tolerate any forms of slavery or human trafficking in its business or supply chains.

This Statement was approved by the Board of Directors of Pallion on 11 December 2020.

Feedback

We value all feedback. Please send your comments about this Statement to compliance@pallion.com



Andrew Cochineas
CEO

ABOUT PALLION

This is a joint statement covering Pallion Group Pty Ltd ABN 71 602 662 322 Registered office at 8 Meeks Road Marrickville NSW 2204 (the ultimate parent company in the Pallion Group) and its wholly owned subsidiaries including ABC Refinery (Australia) Pty Ltd ABN 86 621 121 079 Registered office at 12 Meeks Road Marrickville NSW 2204 and Australian Bullion Company (NSW) Pty Ltd ABN 82 002 858 602 Registered office at 8 Meeks Road Marrickville (together referred to as Pallion).

Pallion is comprised of six operating entities: ABC Bullion; ABC Refinery; Palloys; Goldenage International; WJ Sanders; and Custodian Vaults. The group provides the following services: Bullion; Refining and Minting; Casting and Jewellery; Fabricated Metals; Findings; and Vaulting.

Pallion designs, manufactures, and distributes precious metal products and related services and operates in global markets. Commencing operations in 1951, Pallion is the largest fully integrated precious metal services group in Australasia and employs over 260 people.

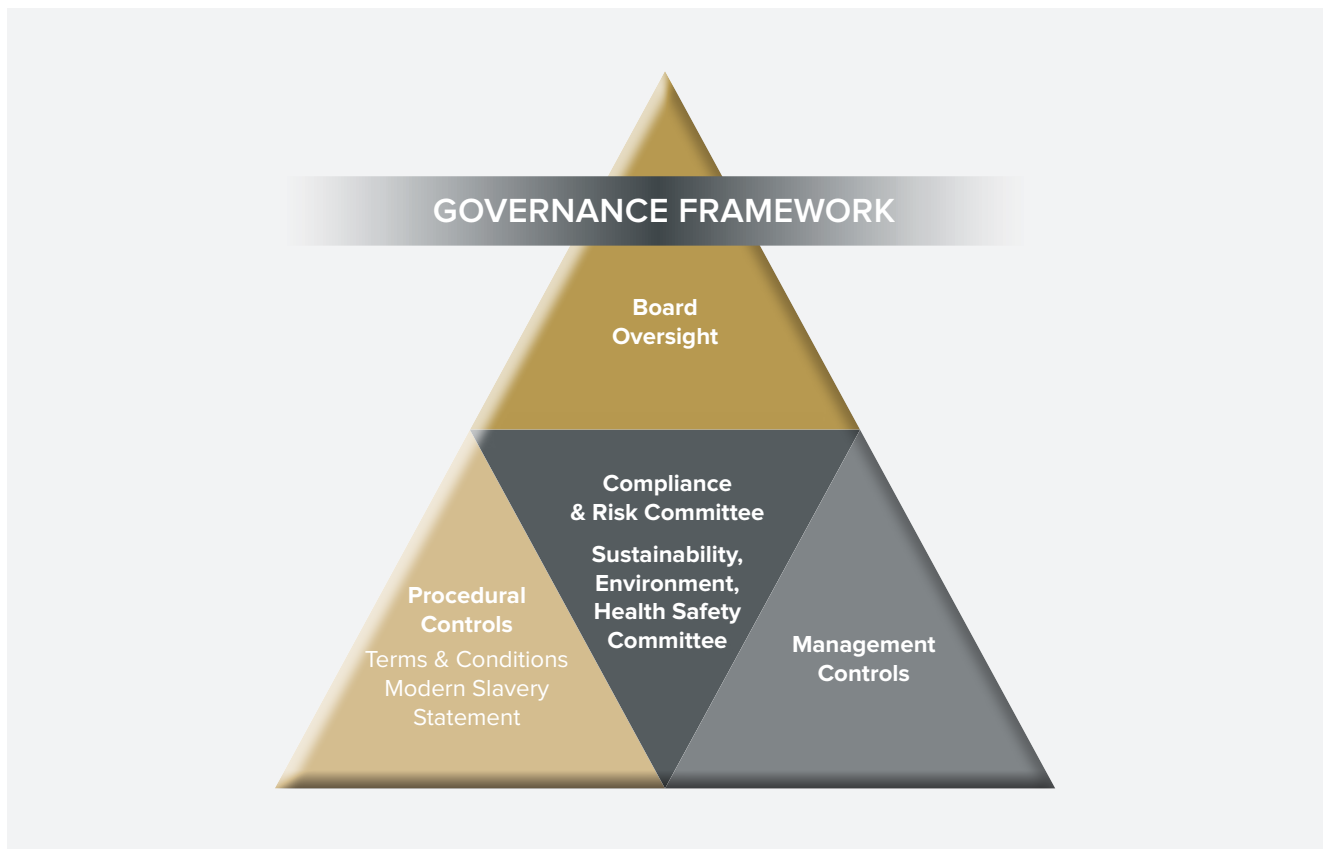
PALLION STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Pallion maintains its headquarters in Sydney and is a privately owned group of companies with manufacturing facilities and offices in Sydney, Melbourne, Brisbane and Perth as well as Hong Kong (SAR) and mainland China.

As a wholly owned Pallion subsidiary, its refining entity ABC Refinery plays a fundamental role in Pallion's fully vertically integrated model of precious metal services. ABC Refinery is the only independent LBMA, SGE and COMEX accredited gold refinery in Australia.

Pallion's operating model applies across subsidiary and supplier locations. This vertical integration provides Pallion with a transparent operational map facilitated by governance, management and leading technology.

The management of modern slavery risks in our operations is supported by numerous departments such as legal, governance, risk and compliance, finance, technology, human resources, work, health and safety and supply chain management including warehouse inventory, logistics and real property.



Pallion is unique in the precious metals space because of the complete vertical integration of its production model. Pallion prides itself on being able to trace the entire life cycle of its products, beginning with the responsible sourcing of primary refining inputs from conflict free areas and throughout the processing of that material into precious metal investment products and jewellery components.

The Pallion supply chain also includes our suppliers of goods and services used in our operations, including but not limited to IT equipment, scientific equipment, personal protective equipment and clothing, catering, and services provided by property service and logistics contractors.

RISK OF MODERN SLAVERY PRACTICES IN OPERATIONS AND SUPPLY CHAINS

Pallion has a responsibility as a leader in the precious metals space to take a robust approach to modern slavery risks. Initial scoping has evidenced that Pallion has a range of modern slavery risks. Pallion has taken steps to minimise these risks and given its operating footprint, it considers the risk of modern slavery in its own operations and supply chains to be low.

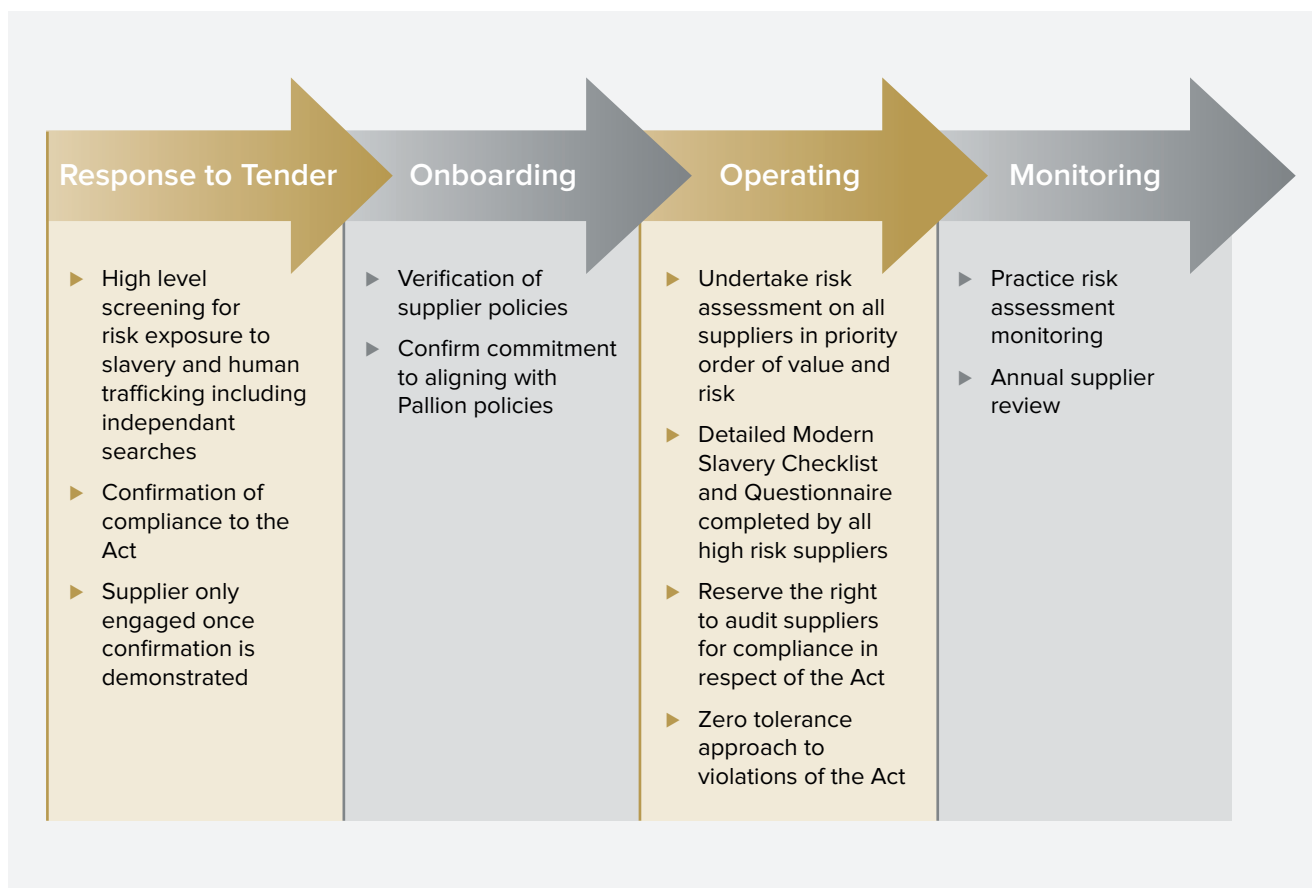
Global industry suppliers operate in a high-risk sector and COVID-19 pandemic increased the risks of modern slavery for certain groups and individuals, particularly in remote areas where suppliers (mining companies) operate. Pallion’s commitment to decreasing global modern slavery within the sector is supported by its suppliers being predominately based in Australia and New Zealand where robust employment and labour laws are in force.

Pallion does not operate in high-risk countries and does not support short-term, temporary and/or low skilled labour in its international operations. All staff speak their local language, maintain residential security and are employed pursuant to employment and labour laws.

Pallion’s due diligence policies and processes underpin the management of its modern slavery risks.

Pallion’s supply chain is not complex or long and has limited intermediaries along the chain, thereby maintaining transparency.

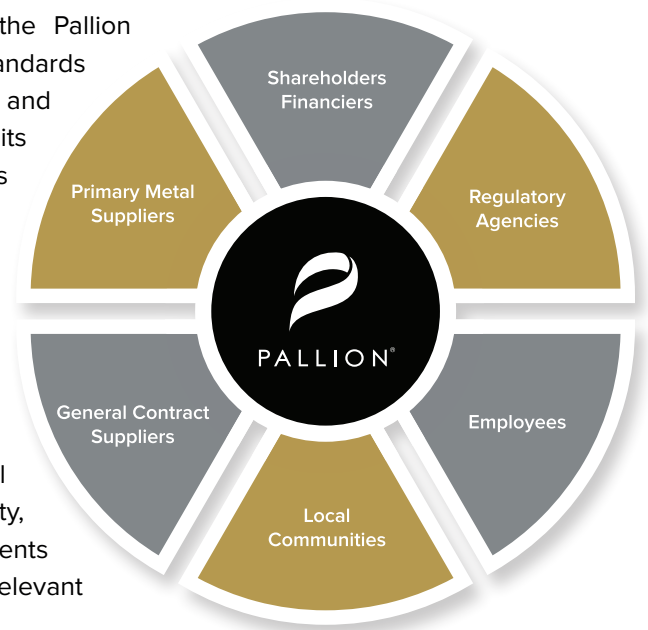
Notwithstanding the foregoing, there is the potential for modern slavery to exist in Pallion’s supply chain including through goods directly or indirectly procured offshore or goods or services procured through contractors.



ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS

Underpinning Pallion's approach to modern slavery is the Pallion Provenance™ program. This program sets out the high standards of behaviour expected of the organisation, its employees and contractors. Pallion Management conducts internal audits and reviews on adherence to this program. These findings are reported to the Pallion Board of Directors to enable evaluation of the overall effectiveness of our governance policies.

Fair treatment of suppliers and their representatives, without prejudice or bias, and open and fair competition are core principles of how Pallion manages its supply chain. Suppliers are evaluated on a weighted matrix of financial and non-financial criteria which include safety, sustainability, company culture and ability to meet statutory requirements such as licenses, permits and relevant standards. Pallion's relevant stakeholders are summarised in the diagram to the right.



Pallion recognises the crucial role of working with its suppliers in addressing modern slavery to allow all to share information and best practice to overcome challenges. Pallion collaborates with its suppliers who undergo pre-qualification forms and who are requested to:

- ▶ sign and comply with its Code of Business Ethics and Conduct for Suppliers. This document outlines both a commitment by Pallion and its suppliers which includes, but is not limited to, respecting fundamental human rights and treating all employees fairly, with respect in adherence to local labour laws;
- ▶ complete and sign a Modern Slavery Questionnaire; and
- ▶ undergo in-depth risk assessment which includes evidence of compliance with legislation, industry principles, global standards, and supplier policy documentation.

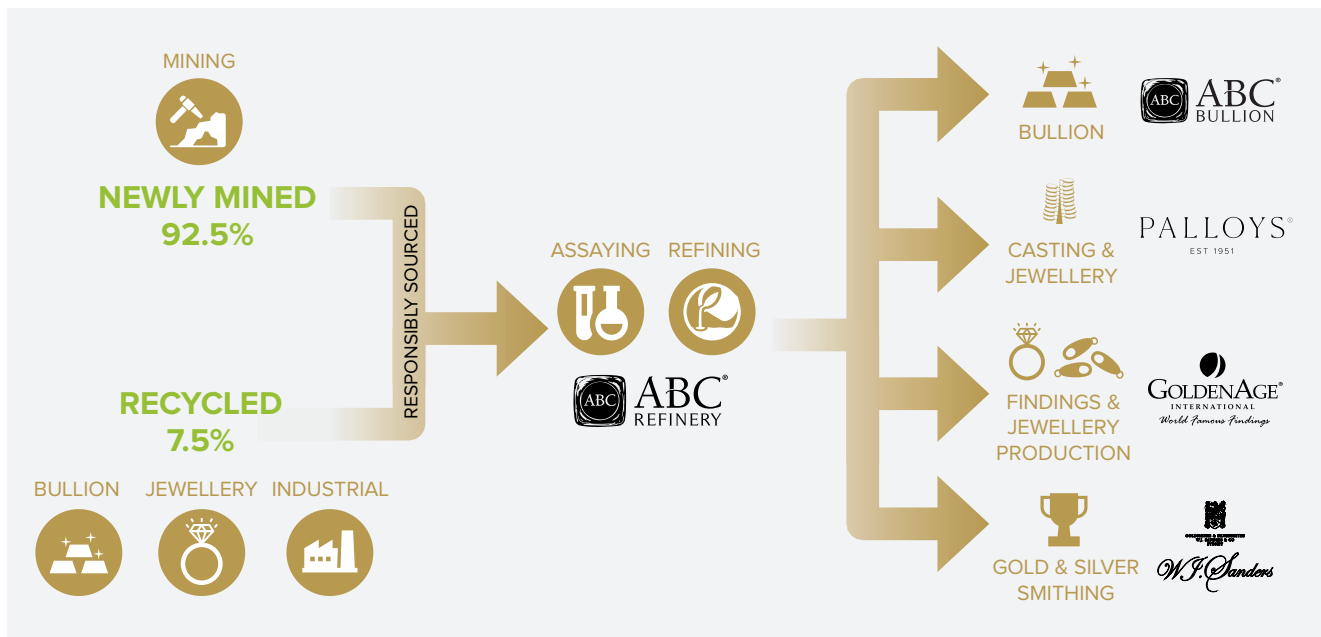
The above steps provide a safeguard to ensure that Pallion onboards and works with suppliers who agree and operate to the same standard Pallion expects from itself. If a supplier or other entity is found to be in breach of the terms stipulated in their contract, including those specific to human rights requirements, Pallion suspends or terminates the relationship with that supplier.

All Pallion staff and contractors receive training on all Pallion policies and processes. In FY20 Pallion provided specific modern slavery training to all supply chain employees as outlined in its Modern Slavery Policy.

In FY20 Pallion has taken the following additional actions to assess, address, eliminate and monitor the risk of modern slavery within our operations and supply chain:

- ▶ development and implementation of a Modern Slavery Checklist and Questionnaire for early risk identification;
- ▶ identification of suppliers with a higher risk of modern slavery in their supply chains. In FY20 no suppliers deemed as 'high' risk were onboarded;
- ▶ mandatory completion of a Modern Slavery Checklist and Questionnaire by all suppliers;
- ▶ standard terms and conditions updated to include compliance with the Act's requirements; and
- ▶ monthly reporting to the Board of Directors by the Compliance and Risk Committee on modern slavery assessments/risks/updates.

Over 90% of Pallion’s procurement spend is from within Australia, with the largest proportion of that amount being sourced from unrefined primary metal suppliers. Our external supply chain is summarised in the following diagram.



Pallion maintains a rigorous human resources framework to eliminate the risk of modern slavery as set out below.

- ▶ The minimum employment terms and conditions of employment with Pallion are governed by the National Employment Standards and relevant Modern Award. In addition, Pallion employees are also subject to the conditions in the Pallion Standard Employment Agreement.
- ▶ Pallion employs and sponsors individuals on various visas and are paid in line with an Australian resident who is also employed by Pallion in the same role.
- ▶ Pallion engages Migration Agents to ensure that all applications and visa information is correct, valid and the contract is in line with the requirements of the individual’s visa.

Pallion has an established confidential grievance mechanism. This includes a Grievance Handling, Disputes and Investigation, and Whistleblower Policy that provides opportunities for employees or stakeholders to anonymously voice concerns about the supply chain or any newly identified risk.

COVID-19 poses a greater risk for those who are already trapped in modern slavery because of the resulting reductions in job security and freedom of movement. Soon after the COVID-19 outbreak, Pallion implemented all necessary steps and engaged responsibility with its suppliers to ensure no change to its supply chains. Measures were introduced to protect employees, their families, and associated communities.

Pallion maintains positive relationships through the Board of Directors and the Compliance and Risk Committee with industry and governmental bodies to keep up-to-date with developments by engaging on a regular basis.

HOW PALLION ASSESSES THE EFFECTIVENESS OF ITS ACTIONS

The Pallion Provenance™ program includes annual audits on risks including those of modern slavery within our supply chains. The audit is submitted annually to the peak international accreditation body (LBMA) as a prerequisite to Pallion's subsidiary accreditation by the LBMA.

The Compliance and Risk Committee manages the annual due diligence supplier assessments including evidence of modern slavery in their supply chains and actions to mitigate risks. The Committee is responsible for the modern slavery action plan for FY21 and reports to the Board of Directors on status including procurement, human resources and legal.

THE PROCESS OF CONSULTATION

Pallion subsidiaries collaborate across key areas including human resources, finance, procurement, and sourcing, legal, risk and compliance, project management, senior management and Board of Directors.

Pallion is committed to good governance practices, operating ethically and with integrity is guided by our policies and procedures. Specifically, the following committees have been established to assist the Pallion Board to identify and address the risk of modern slavery in the Pallion operations and supply chain:

- ▶ Compliance & Risk Management Committee
- ▶ Sustainability, Environment, Health Safety Committee

Processes are in place to engage directly with 'on the ground' workers in operations and supply chains, who are visited daily by senior management. This ensures that all employees have access to senior management to discuss grievances and concerns, whilst also enabling senior management to support employees, especially if there are cultural and/or language barriers.

The advantage of our transparent supply chain ensures any risk is identified immediately and can be actioned accordingly.

RELEVANT INFORMATION

Pallion is committed to further enhancing governance and management to mitigate any risk of modern slavery in operations and supply chains including:

- ▶ training all Pallion employees and contractors on modern slavery risks including the requirements of the *Modern Slavery Act 2020* (Cth);
- ▶ encouraging staff to Speak Out when they are concerned that an activity may be at risk of involving modern slavery (in line with Pallion's Policies and Procedures);
- ▶ undertaking annual audits of 'high' risk suppliers and taking action to resolve any issues identified;
- ▶ reviewing all suppliers and service providers not included as 'high' risk;
- ▶ collaborating with partners to mitigate any risk of modern slavery in operations and supply chains;
- ▶ continuing to take an active role in industry collaboration and supporting government efforts in addressing modern slavery;
- ▶ ensuring Pallion's practices, policies and procedures are aligned with the evolving regulatory environment in our operational jurisdictions and updating Pallion Governance Standards; and
- ▶ further developing mechanisms to assess the effectiveness of Pallion's policies and actions taken including the assessment of remediation work.

The Act heralds a new statutory modern slavery reporting requirement to assess human rights issues in supply chains and actively mitigate those risks. The Act also provides the platform for open discussion of human rights due diligence, current practice and best practice recommendations.