

Voluntary Principles on Security and Human Rights Annual Report

2022 Reporting year

– Update Report



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INTRODUCTION

PanAust has been a member of the Voluntary Principles Initiative (VPI) since its admission in 2013. This report describes PanAust's implementation of the Voluntary Principles on Security and Human Rights (the "Voluntary Principles, VPs, VPSHR") during the 2022 reporting year. The structure of the report follows the Voluntary Principles Reporting Guidelines. The report is cross referenced to the Reporting Guidelines headings (i.e., **A1**) where possible, to minimise duplication.

In accordance with the agreed revisions to the VPI's Governance Rules, this report is the annual update following on from the full report submission in 2022 for the 2021 reporting year.

About PanAust

PanAust Limited (PanAust, the Company, and the Group) is an Australian-headquartered copper and gold producer in Laos with pre-development and exploration opportunities in Laos, Papua New Guinea, Myanmar, and Chile.

PanAust's producing assets are the Phu Kham Copper-Gold Operation (Phu Kham) and the Ban Houayxai Gold-Silver Operation (Ban Houayxai), located in the Company's 2,600 square-kilometre Phu Bia Contract Area (the Contract Area) in Laos.

The Freida River Project in Papua New Guinea is currently in the permitting phase with limited on-site activity.

PanAust's Myanmar activities are solely exploration projects centred in the Sagaing Province of the country. This is currently under care and maintenance due to the political and security situation in Myanmar.

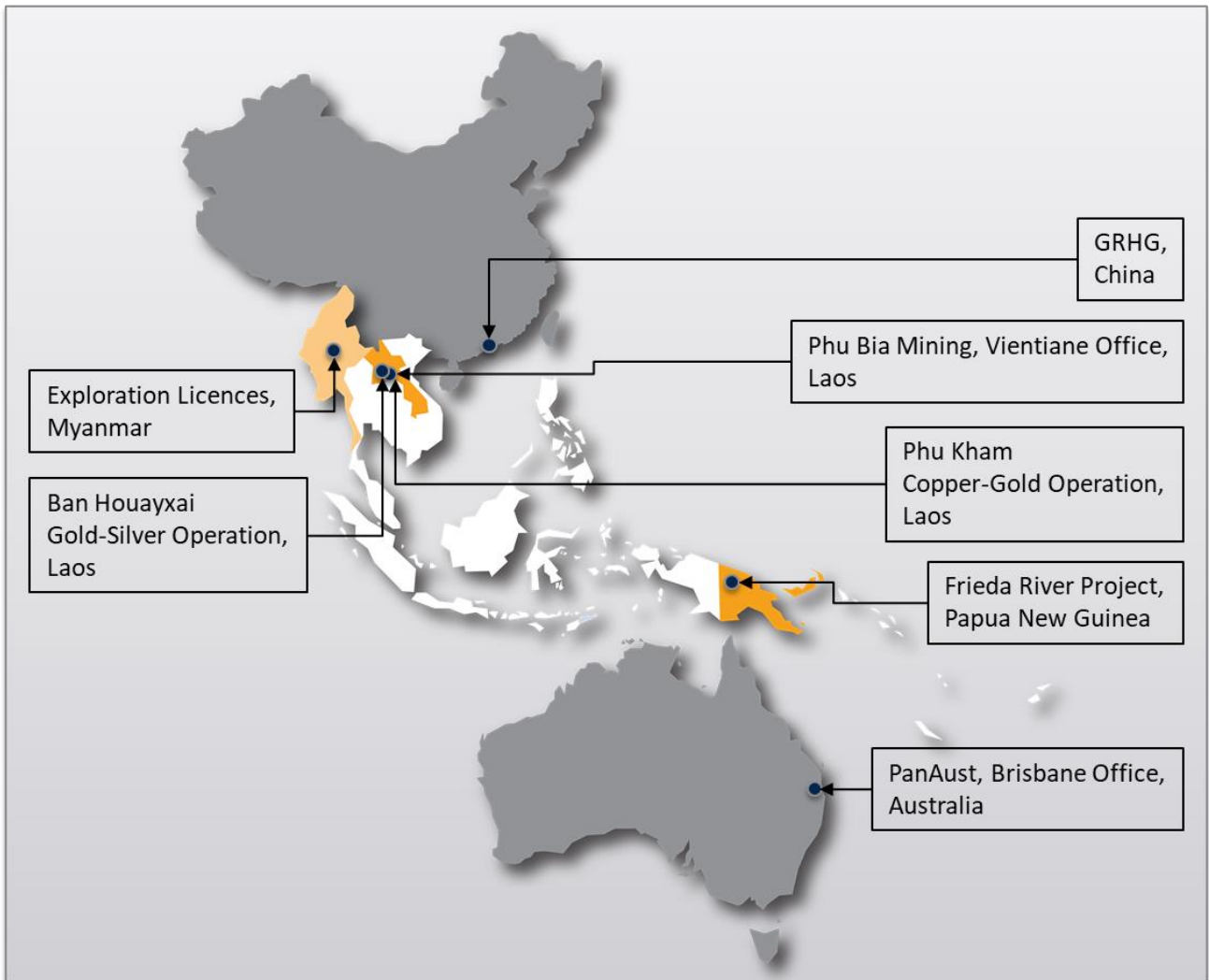
The Inca de Oro project in Chile is currently in care and maintenance with limited on-site activity.

PanAust is an Australian incorporated company owned by Guangdong Rising H. K. (Holding) Limited which is a wholly owned subsidiary of Guangdong Rising Holdings Group Co. Ltd (GRHG).

GRHG is a Chinese state-owned company regulated under the State-owned Assets Supervision and Administration Commission, the People's Government of Guangdong Province in China.

PanAust's operations, projects and offices

- **Figure 1: PanAust's global footprint**



Within this document, the details of country implementation associated with the VPs are provided primarily for Laos, as the Company's operations in Laos present the organisation's current material security and human rights challenges. The Laos operations continue to be the only location where proprietary, private and/or public security personnel regularly support the Company's on the ground activities **C9**.

A COMMITMENT TO THE VOLUNTARY PRINCIPLES

A1 Public Statement of commitment or endorsement of the Voluntary Principles, engagement in the Voluntary Principles Initiative, and transparency.

- PanAust's commitment to the VPs is transparent and publicly stated within its Sustainability Policy¹, Annual Business Review and Sustainability Report² and within The PanAust Way (the Company's Code of Conduct)³ all published on the Company website (www.panaust.com.au).
- Minor updates have been made to the Sustainability Policy and The PanAust Way; however, there have been no material changes to the intent since the 2021 report.

A2 Examples of promoting awareness of the Voluntary Principles throughout the Organisation, including within the value chain

- Corporate policies such as the PanAust Sustainability Policy and Governance and Human Resource (HR) policies are published on the Company intranet, and physically displayed in corporate offices and at operations. The Sustainability Policy is also displayed in the host country language in community centres, and a country specific sustainability report in the host country language is produced annually for operations and provided to host communities and other national stakeholders.
- All services contracts are issued with PanAust's corporate policies, including the PanAust Sustainability Policy, The PanAust Way, and relevant HR policies outlining our human rights requirements. PanAust's commitment to the VPs is also communicated to all employees and contractors as part of mandatory induction training packages for all site personnel. Personnel are assessed to demonstrate knowledge and understanding of induction content.
- No other significant updates since the 2021 report.

A3 Examples of promoting and advancing implementation of the Voluntary Principles internationally

- PanAust promotes its involvement and implementation of the VPs during corporate presentations about the company, external stakeholder meetings, operational site visits, and benchmarking visits and/or working group events with its peers.
- PanAust has participated in the annual plenary meetings and attended member company verification presentations.
- No other significant update since the 2021 report.

¹ The PanAust Sustainability Policy dated August 2022, can be found at: <https://panaust.com.au/sustainability/>

² The 2021 PanAust Annual Business Review and Sustainability Report can be found at: <https://panaust.com.au/annual-publications/>

³ The PanAust Way, dated February 2023 can be found at: <https://panaust.com.au/corporate-governance/>

B POLICIES PROCEDURES AND RELATED MATERIALS

B4 Relevant policies, procedures, and/or guidelines (or any changes thereto from the previous reporting year) to implement the Voluntary Principles.

- All relevant policies, procedures and guidelines are regularly reviewed, to ensure they are in place, and effective.
- No other significant update since the 2021 report.

B5 Company procedure to conduct security and human rights risk assessments, and integrate findings

- PanAust's Enterprise Risk Management (ERM) Policy and associated procedures are reviewed, in place, and effective.
- An updated VPs Risk Assessment tool based on the Voluntary Principles on Security and Human Rights Implementation Guidance Tool (IGT) was developed during 2022 for use by all PanAust operations.
- No other significant update since the 2021 report.

B6 Company procedure or mechanism to report security-related incidents with human rights implications by public/private security forces relating to the Company's activities

- PanAust provides several reporting mechanisms for persons to alert the organisation to potential security related incidents which may have human rights implications. As highlighted on its Corporate Governance webpage⁴, PanAust has a corporate Whistleblower Standard, and operates Whistleblower hotlines in English, Laos and Tok Pisin in addition to web, email, and postal whistle-blower services. Information reported via this means is assigned to an investigation officer for follow-up and reporting, in accordance with protocols outlined within the Standard.
- PanAust's reporting mechanisms are reviewed, in place, and effective.
- No human rights breaches related to the provision of security services by proprietary, private, or public security providers supporting PanAust activities were recorded for 2022.
- No other significant update since the 2021 report.

B7 Company procedure to consider the Voluntary Principles in entering into relations with private security providers

- No new private security contractors were engaged in 2022.
- Two existing contracts with security contractors were renewed during the 2022 period.
- VPI recommendations, including training requirements, is maintained through existing contractual arrangements.
- No other significant update since 2021 report.

⁴ Refer to the corporate governance page on the website to review the Whistleblower service - <http://www.panaust.com.au/corporate-governance>

B8 Company procedure or mechanism to investigate and remediate security related incidents with human rights implications by public/private security forces relating to the Company's activities

- PanAust's investigation and reporting mechanisms are in place and effective.
- No human rights breaches related to the provision of security services by proprietary, private, or public security providers supporting PanAust activities were recorded for 2022.
- No other significant update since 2021 report.

C COUNTRY IMPLEMENTATION

C9 Overview of country operations selected for 2021 reporting

PAPUA NEW GUINEA

- The Frieda River Copper-Gold Project in Papua New Guinea is progressing through the permitting phase with little on-site activity.
- No private or public security companies or personnel were used on the Frieda River Copper-Gold project during 2022.
- An updated Security and Human Rights risk assessment for the Frieda River Copper Gold Project was undertaken during 2022 using the updated PanAust VPs Risk Assessment tool.
- An action plan based on the results of the risk assessment has been developed and is being progressed.
- No other significant update since the 2021 report.

LAOS

- The Phu Kham and Ban Houayxai operations have continued during 2022 without significant security interruptions.
- Some additional near mine exploration activities around the Ban Houayxai operation advanced during 2022 with a slight increase in Lao People's Army numbers to support those activities.
- Total number of Lao People's Army currently assigned to PanAust operations is 206 personnel.
- Assessment of the Regional (provincial) security profile has seen an improvement in stability and peace.
- Existing Memorandum of Understanding, Policies, Standards and Procedures pertaining to proprietary, private, and public security forces have been reviewed, in place and effective.
- Human Rights and VPI training prior to all rotational deployments of members of the Lao People's Army continued at both sites.
- Ongoing engagement, both formally and informally, with public security and government continued.
- No other significant update since the 2021 report.

Table 1: Number of security personnel in Laos.

Laos People Army (LPA)	Loss Prevention Department (LPD) and Private Security	Total
206	262 LPD & 43 Private Security	511

Myanmar

- All activities in Myanmar are in care and maintenance due to the current political and security situation.
- Wuntho Resources Company Limited and the Joint Venture did not employ or engage any private or public security providers during 2022.
- No other significant updates since the 2021 report.

C10 Engagements with stakeholders on country implementation

- Established engagement protocols and mechanisms remain in place and effective.
- During 2022, training on the VPs and PanAust’s expectations of behaviour in relation to the Principles was provided to members of the Royal Papua New Guinea Constabulary who accompanied members of the Papua New Guinea Conservation and Environment Protection Authority during stakeholder engagement activities in the Frieda River project area.
- No other significant update since the 2021 report.

C11 Voluntary Principles considerations in selection of private security providers and formulation of contractual agreement with private security providers, and arrangement with public security forces

Private security

- PanAust’s contractual processes continue to include assessment, selection, and implementation criteria in accordance with Annex J of the VP’s Implementation Guidance Tools.
- No other significant update since the 2021 report.

Public security

- An operational MoU exists between PBM and the Laos People Army (LPA) which sets out the role of the LPA including expected standard of behaviour, adherence to the VPs and Use of Force expectations, induction requirements, and the right of removal of personnel from Operations that do not abide by the MoU. No changes were made to the MOU in 2022.
- 2022 combined VPs and Use of Force training statistics for operations for the LPA and LPD are outlined in the table below.

Table 2: Voluntary Principles and Use of Force – No. of persons trained

LPA	LPD and Private Security	Total
824	93	917

C12 Examples of supporting outreach, education, and/or training of (i) relevant personnel, (ii) private security, (iii) public security, and/or (iv) civil society

- Outreach activities outlined in the 2021 report continue without significant change.

C13 Company procedure to review progress on implementing the Voluntary Principles at local facilities

- PanAust maintains a rotating schedule of external and internal audits of operations and projects to assess and address the Company’s implementation of appropriate security practices, to inform updates of risk assessments and confirming that VP’s obligations are being progressed.
- No other significant update since the 2021 report.

D LESSONS AND ISSUES

D14 Lessons and issues from this reporting year, as well as plans or opportunities to advance the Voluntary Principles for the organisation.

- PanAust has built a solid foundation of the practical implementation and adherence to, the VPs in the areas we currently operate.
- As activities around in the project area increase in Papua New Guinea, PanAust will need to actively promote the VPs with stakeholders in the region, and outline the Company’s expectations for stakeholder interactions, and public or private security personnel.
- With the mine life extension activities in Laos requiring an increased security contingent, PanAust will need to maintain its focus on the Company’s VP requirements when inducting additional security members.

Priorities for VPSHR implementation across the organisation in 2023 includes:

- Updating the Laos Operations Security and Human Rights risk assessment, and developing an action plan, considering the expanded operational locations related to mine life extension programs.
- Continuing with LPA engagement and outreach efforts to build on the co-operative working relationship already established.
- Continuing to strengthen relationships with the local communities and other project stakeholders in relation to PanAust expectations of behaviour of private and public security personnel in project areas.
- Continuing relationship building and dialogue with the RPNGC and other VP members in Papua New Guinea.

- Continue working on the action plan developed out of the Papua New Guinea Security and Human Rights risk assessment.

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