

Voluntary Principles on Security and Human Rights Annual Report

Update Report for reporting year: 2020



INTRODUCTION

PanAust is a member of the United Nations Voluntary Principles on Security and Human Rights (the “Voluntary Principles, VP’s, VPSHR, VPI’s”) since its admission in 2013.

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 2018.

About PanAust

PanAust is a copper and gold producer in Laos, with a portfolio of organic growth opportunities in Lao People’s Democratic Republic (Laos), Papua New Guinea (PNG), and Myanmar. PanAust’s producing assets in Laos are the Phu Kham Copper-Gold Operation and the Ban Houayxai Gold-Silver Operation. Freida River Ltd in Papua New Guinea is currently under care and maintenance whilst feasibility and permitting phases are undertaken. PanAust’s Myanmar activities are solely exploration projects centred in the Saigaing Province of the country.

PanAust is an Australian incorporated company that is owned by Guangdong Rising H.K. (Holding) Limited which is a wholly owned subsidiary of Guangdong Rising Assets Management Co. Ltd (GRAM). GRAM is a Chinese state-owned company regulated under the State-owned Assets Supervision and Administration Commission, the People’s Government of the Guangdong Province in China.

PanAust’s Operations, Projects and Offices

- PanAust’s global footprint



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 Voluntary Principles is transparent and publicly stated within its Sustainability Policy, Annual Business Review and Sustainability Report¹ and within The PanAust Way (the Company's Code of Conduct)² located on the PanAust website (www.panaust.com.au).
- No significant update since the 2018 report.

A2 Examples of promoting awareness of the Voluntary Principles throughout the Organisation, including within the Value Chain

- 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 Voluntary Principles is communicated to all employees, and contractors as part of mandatory induction training packages for all personnel working on site.
- No significant update since the 2018 report.

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

- PanAust has participated in the informal Australian Working Group in preparation of assumption of the Government Pillar.
- No other significant update since the 2018 report.

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 reviewed, in place, and effective,
- No other significant update since the 2018 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 reviewed, in place, and effective.
- No other significant update since the 2018 report.

¹ The PanAust Sustainability Policy dated June 2016, 2017 & 2018 Business Review and Sustainability Report can be found at: <http://www.panaust.com.au/sustainability>.

² The PanAust Way, dated April 2018 can be found at: http://www.panaust.com.au/sites/default/files/ThePanAustWay_April%202018_FINAL_web.pdf

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's reporting mechanisms 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 2020.
- No significant update since the 2018 report.

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

- No new private security contractors engaged in 2020.
- VPI recommendations, including training, maintained through existing contractual arrangements.
- No significant update since 2018 report.

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 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 2020.
- No significant update since 2018 report.

C COUNTRY IMPLEMENTATION

C9 Overview of country operations selected for 2019 reporting

PAPUA NEW GUINEA

- The Frieda River Copper-Gold Project in Papua New Guinea is undergoing permitting phase with little on-site activity.
- Minimal private security presence (4 persons) essentially conducting a care and maintenance function.
- No significant update since 2018 report.

MYANMAR

- All activities severely hampered by COVID-19
- Minor sediment and stream sampling conducted in Myanmar during 2020.
- Exploration camp at Mansi closed down and private security no longer engaged.
- No significant update since the 2018 report.

LAOS

- The Phu Kham and Ban Houayxai operations have continued during 2020 without significant security interruptions.
- Some additional near mine exploration activities advanced during 2020 with a slight increase in Lao People's Army numbers to support.
- Total number of Lao People's Army currently assigned to Pan Aust operations is 208 personnel.
- Assessment of 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 significant update since the 2018 report.

C10 Engagements with stakeholders on country implementation

- Established engagement protocols and mechanism remains in place and is effective.
- No significant update since the 2018 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 significant update since the 2018 report.

Public Security

The operational MoU exists between PBM and the Lao People's Army (LPA) which sets out the role of the LPA including expected standard of behaviour, adherence to the Voluntary Principles and 'use of force' expectations, induction requirements, and the right of removal of personnel from Operations that do not abide by the MoU remains in place and is effective.

2020 combined Voluntary Principles and Use of force training statistics for operations for the LPA and LPD are as follows:

LPA	LPD & Private Security	Total
Voluntary Principles and Use of force – No. of members trained		
586	10 (new hires)	596

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 2018 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 significant update since the 2018 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 VP's in the areas in which we currently operate.
- As a wholly owned subsidiary of Guangdong Rising Assets Management Co. Ltd (GRAM), a Chinese State Owned Enterprise, we are focussed on developing the Frieda River Project in Papua New Guinea, continuing exploration activities in Laos and Myanmar and have recently commenced owner operated logistics in Thailand and Vietnam.
- This presents us with a unique opportunity to broaden and influence the Voluntary Principle's Initiative to new jurisdictions currently not significantly represented in the coming years.
- PanAust is committed to implementation of the Voluntary Principles within its future growth strategy.



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