



Compliance Report 2020

Company Information

Company name	SAXONIA Edelmetalle GmbH
CID number	CID002777
Location	Erzstrasse 9, 09633 Halsbrücke, Germany
Reporting Period	2019 and 2020

SAXONIA Edelmetalle GmbH is continuing the tradition of mining and processing precious metals, which has existed in the Freiberg region since the beginning of the 17th century. Today, the company is an established partner to industrial users of precious metal refining and manufacturing.

As one of the oldest refineries in Germany SAXONIA is focused on the recycling of precious metals and their re-use or further processing.

Company Supply Chain Policy

We established a supply chain policy, which is consistent with the model set out in the Annex II of the OECD Due Diligence Guidance. The policy is our commitment to implement the relevant regulatory and ethical requirements defined in the German Money Laundering laws as well as the OECD Guideline. The Supply chain Due Diligence policy is published (in German and English) on the SAXONIA homepage <https://saxonia.de/downloads/>

The policy is signed off by Senior Management.

Company Management System

An internal management system is implemented to establish the requirements needed to support supply chain due diligence at SAXONIA. The management system includes guidelines, processes and standardised forms for risk identification, client acceptance, monitoring of suppliers and controlling of incoming materials. In addition, the internal management system defines governance roles and responsibilities, internal audit, trainings, communications and annual group internal compliance report for the SAXONIA group. The Compliance Officer has been assigned to manage and monitor supply chain due diligence at SAXONIA Edelmetalle and to manage the KYC process for the entire SAXONIA Group. The

Compliance Officer reports directly to the managing partner. To strengthen the KYC-process and continuous monitoring of suppliers the position "client onboarding function" (COF) is implemented with the Compliance department. SAXONIA aims to achieve continuous improvement through the management system and its processes.

SAXONIA has a precious metal receiving process. Precious metals bearing materials delivered for refining, must be accompanied by a completed form. The form is filled out by the supplier, the form requires the supplier to include the supplier name, date of delivery, weight of material delivered, the type of material, the material composition (expected) and the material's origin. The information provided is reviewed for consistency. The specific lot is given a unique reference number and the information is entered in the ERP-System. The supplier receives confirmation of receipt, which shows the unique reference number for the specific lot. This number is used for any communication concerning the lot.

The Compliance Officer provides KYC, responsible sourcing of precious metals and whistleblowing training on an annual basis to staff members who are involved in supply chain matters. The Compliance Officer has developed a training program to track the trainings and has identified jobs involved directly with the supply chain and where risks could reasonably be identified. These positions (e.g. material acceptance area, sales, metal management) receive specific training related to their tasks.

The SAXONIA Supply Chain Policy names a functional E-Mail-Address (compliance@saxonia.de) and the personal telephone-number of the Compliance officer for internal and external stakeholders to contact for any reason related to supply chain due diligence. During the annual trainings, employees are encouraged and trained to participate in the risk identification and management systems as well as communicating potential and actual risks internally to the Group Compliance Officer.

Risk Identification

Recycled precious metals material and precious metal by-products from mining operations based in Europe are our key business. SAXONIA identifies risks in the supply chain during client on-boarding and during the monitoring of suppliers and material.

First: SAXONIA identifies and assesses precious metals supplier's risk during the collection of KYC information and client onboarding process. The risk criteria used in the country risk assessment are based on the risks defined in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Annex II. The minimum information that is required for completing supplier due diligence are defined in the LBMA RSG and LPPM RPPG Step 2 Section 2, in the RMI Responsible Minerals Assurance Process Section B1 as well as the German Money Laundering Law. Based on this criteria's Saxonia Group developed their own CAHRA risk rating model. During the client onboarding process, precious metal suppliers are subject to a risk assessment and rated according to their risk profile (high, medium, low). The rating criteria's are: suppliers location, location of origin of delivered materials as well as transit countries, suppliers and shareholders red flags.

Second: SAXONIA monitors incoming transactions as well as the precious metals suppliers. SAXONIA uses a specific form as explained in Step 1.3. for the delivery of precious metals containing material. Red flags that trigger re-assessments of the supplier's risk profile may be identified.

Before commencing the business relationship new suppliers are rated based on risk.

The onboarding process focuses on collecting KYC information and considering the associated risks. SAXONIA's KYC process consists of collecting and verifying:

- *the nature of supplier's business
- *the identification of the beneficial owner
- *information on the purpose and intention of the business relationship
- *financial details
- *the material's country of origin and transit countries

In 2019, SAXONIA created a dedicated client onboarding function (COF). The COF is responsible for collecting and verifying KYC information provided by the suppliers and providing an initial risk rating. In 2019, all new suppliers KYC dossiers were completed prior to the start of the business relationship. For existing suppliers, a risk-based approach based on country of incorporation has been developed to complete the KYC dossiers.

Saxonia Group has implemented a Grievance Mechanism. The purpose of this process is to encourage members, stakeholders, public or any other person to raise concerns or to provide information regarding any part of the supply chain.

Risk Mitigation

Senior management retains the ultimate control and responsibility for the precious metal supply chain. The Managing Director, COF and the Key-account Manager approve new precious metal suppliers. High-risk precious metal suppliers require an additional approval from the SAXONIA Group Managing Director. High Risk customers will be reviewed and approved by the Managing Director and the Group Compliance Officer on a yearly basis.

SAXONIA recognizes that supply chain risk (OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Annex II) may be identified by various departments, including compliance, material acceptance area, sales, metal management. Therefore, trainings have been provided to support risk identification and communication. Internal procedures require employees that have identified a risk to report directly to the Compliance Officer and Senior Management.

Risks are investigated by the Compliance Department. The results of the assessment are reported to Senior Management. Senior Management supported by the Compliance Officer decides on a case by case basis which strategy for risk management will be implemented.

Depending on the risk mitigation strategy implemented and the risk identified, specific measures will be defined by Senior Management and the Compliance Officer. The Compliance Department monitors the effectiveness of the measures and reports the status and effectiveness to the Compliance officer and Senior Management.

Management conclusion

SAXONIA has implemented effective management systems, procedures, processes and practices to conform to the requirements of the OECD Due Diligence Guidance.

SAXONIA is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis.

If users of this report wish to provide any feedback to SAXONIA with respect to this report, they can contact Group Compliance on compliance@saxonia.de.

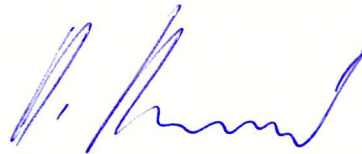
We are accredited for Silver on LBMA and for Platinum and Palladium on LPPM. KPMG conduct on a yearly a Conflict Minerals Audit to prove compliance with the LBMA RSG and The LPPM RPPG Standard.

In line with our commitment to responsible sourcing, Saxonía is currently in the process of preparing for the RMI's RMAP assessment for gold. This assessment had been delayed due to the global pandemic, but we are expecting to be added the RMI's RMAP conformant smelter list in early 2021, following the assessment of our operations scheduled for January 2021. The assessment period would cover 01.01.2018 until 30.11.2020.

Halsbrücke, 25.01.2021



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SAXONIA Edelmetalle GmbH



Dirk Hadlich
Group Compliance Officer
SAXONIA Holding GmbH