



Independent Reasonable Assurance Report on the LBMA Refiner's Compliance Report of Heimerle + Meule GmbH for reporting year 2019

To the Management of Heimerle + Meule GmbH

KPMG Cert GmbH Umweltgutachterorganisation ('KPMG' or we') have been engaged with letter dated 20 January 2020 to carry out a Reasonable Assurance engagement on Heimerle + Meule GmbH's LBMA Refiner's Compliance Report - for the year ended 31 December 2019. The Refiner's Compliance Report is based on the criteria described in the Responsible Gold, published by the London Bullion Market Association ('LBMA'), available at www.lbma.org.uk.

Heimerle + Meule GmbH's Responsibilities

Heimerle + Meule GmbH's management is responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the LBMA Responsible Gold Guidance (version 8). This responsibility includes establishing appropriate risk management procedures and internal controls relevant to the preparation of the Refiner's Compliance Report that is free from material misstatements, whether due to fraud or error. The criteria identified by the senior management as relevant for demonstrating compliance with the Guidance are the activities described within the Refiner's Compliance Report.

Ensuring the independence and quality of the auditor

During performance of the engagement we observed the requirements of independence and quality assurance set out in legal provisions and professional pronouncements, in particular the professional code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Our responsibilities

Our responsibility is to carry out a Reasonable Assurance Engagement and to express an independent conclusion based on the work performed and evidence obtained, as to whether the Refiner's Compliance Report, in all material respects, describes fairly the activities undertaken during the year to demonstrate that compliance is in accordance with the requirements of the LBMA Responsible Gold Guidance.

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' (IAASB) and the guidance set out in the LBMA Responsible Sourcing Programme - Third Party Audit Guidance for ISAE 3000 Auditors ('the Audit Guidance') as a Reasonable Assurance



Engagement. ISAE 3000 requires that we plan and perform the Assurance Engagement to obtain reasonable assurance about whether the Refiner's Compliance Report is free from material misstatement.

An Assurance Engagement on the Refiner's Compliance Report involves performing procedures to obtain sufficient appropriate evidence to give reasonable assurance over the Refiner's Compliance Report. The procedures selected depend on our judgement. These procedures included:

- Inquiries of management to gain an understanding of Heimerle + Meule GmbH's policies and procedures for risk management;
- Interviews with senior management and relevant staff responsible for the preparation of the Refiner's Compliance Report;
- Interviews with relevant staff responsible for providing the information in the Refiner's Compliance Report;
- Visits to sites operating in Pforzheim and Vienna (remote), Germany;
- Assessing the suitability of the Reporting Criteria including the appropriateness of relevant methods, policies, procedures, and internal controls that the refiner has in place with the LBMA Responsible Gold Guidance;
- Reviewing a selection of Gold supplying counterparty due diligence dossiers and transactions;
- Testing a selection of the processes, controls and estimates that support the information provided in the Refiner's Compliance Report;
- Reviewing the overall presentation of the Refiner's Compliance Report to ensure consistency with our findings.

Our conclusion

Based on the work we have performed and the evidence we have obtained, in our opinion, the Refiner's Compliance Report for the year ended 31 December 2019, in all material respects, describes fairly the activities undertaken during the year to demonstrate compliance with the requirements of the LBMA Responsible Gold Guidance. This conclusion is to be read in the context of the remainder of this Assurance Report, in particular the inherent limitations explained above and this Assurance Report's intended use.

Restriction on use / limited liability

This Assurance Report is made solely to Heimerle + Meule GmbH, in accordance with the terms of our engagement contract between us. Those terms permit disclosure to other parties, solely for the purpose of Heimerle + Meule GmbH showing that it has obtained an independent Assurance Report in connection with the Heimerle + Meule GmbH's Compliance Report. Accordingly, our report shall not be used by any other person or for any other purpose. We have provided the services described above on behalf of Heimerle + Meule GmbH. We have carried out our engagement on the basis of the General Engagement Terms included in our engagement agreement dated as of 20 January 2020. By taking note of and using the information as contained in our Assurance Report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms in the engagement agreement (including the limitation of our liability for negligence to EUR 1 million) and acknowledges their validity in relation to us.



Cologne, Germany, 11 May 2020

KPMG Cert GmbH Umweltgutachterorganisation

A handwritten signature in blue ink, appearing to be 'G. Krause', with a long horizontal stroke extending to the right.

Gerd Krause
Managing Director

A handwritten signature in blue ink, appearing to be 'Mara Zimen', written in a cursive style.

ppa. Mara Zimen



Appendix

Refiner's Compliance Report

Heimerle + Meule GmbH is aware of its social and ethical responsibility. As an important part of the supply chain of gold, Heimerle + Meule GmbH wants to and must fulfil its duty of care. A key basis for this is the adherence to the Responsible Gold Guidance (RGG) of the London Bullion Market Association (LBMA). Heimerle + Meule GmbH has committed itself to fulfil the requirements of this set of rules and has integrated the necessary measures into its internal processes.

This report summarizes how Heimerle + Meule GmbH, as a Good Delivery Gold Refiner, meets the requirements of the RGG.

 Heimerle + Meule Heimerle + Meule Group	Details of the refiner
Company name	Heimerle + Meule GmbH
Business address	Dennigstraße 16, 75179 Pforzheim, Germany
Other sales points	Heimerle + Meule GmbH, Subsidiary: Vienna, Perfektastraße 45, 1230 Vienna, Austria
Annual report	2019
Date of this report	17.03.2020
Responsible persons managing this report	Mr. Georg Steiner (Managing Director)

 Heimerle + Meule Heimerle + Meule Group	Definitions and Explanations
General Management	Consists of the Senior Manager and the Managing Director
“RGG-Handbuch”	Internal management system handbook/manual that incorporates the requirements of the LBMA RGG and established the responsibilities, definitions, process descriptions for managing supply chain due diligence at Heimerle + Meule GmbH
Responsible Gold Officer	Corresponds to the compliance officer in LBMA’s RGG
CRAFT	Code of Risk mitigation for ASM engaging in Formal Trade = progressive improvement process
Basel AML	Basel AML Index 2019; a country ranking and review of money laundering and terrorist financing risk around the world
SIG	Sustainable Governance Indicators
WJP	World Justice Project
Closed pipe supply chain	Supply chain consisting of focused cooperation of relevant actors including physical traceability of the product.

 Heimerle + Meule Heimerle + Meule Group	Summary of activities carried out to prove compliance
Step 1: Establish strong company management systems	
Requirements met	Heimerle + Meule GmbH has fully complied with Step 1: Establish strong management systems.

◆ Adopt a company policy regarding due diligence for supply chains of gold

Requirements met

Heimerle + Meule GmbH has a “policy regarding due diligence for supply chain of gold” in place.

The policy regarding due diligence for supply chain of gold is based on the model policy of Annex II of the Organisation for Economic Cooperation and Development (OECD) and its *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*.

This policy is supplemented by an additional "policy of the Heimerle + Meule GmbH regarding laws, human rights, environment and health" to cover social and environmental aspects required in the LBMA RGG version 8

Both policies are reviewed annually as part of the management system review and adjusted, if necessary.

The above-mentioned policies can be viewed on Heimerle + Meule GmbH's webpage:

<https://www.heimerle-meule.com/company/responsibility/policy-concerning-conflict-minerals/>.

The policies were published internally on the company's intranet and posted on notice boards on the company's premises.

◆ Set up an internal management structure to support supply chain due diligence

Requirements met

In order to support supply chain due diligence Heimerle + Meule GmbH established a management system based on the requirements of the RGG of the LBMA and on the above-mentioned policies.

The management system is described in the company's "RGG-Handbuch" and is valid for both Heimerle + Meule GmbH locations Pforzheim and Vienna. The management system includes relevant documentation such as the "RGG-Handbuch", policies, process descriptions, trainings, KYC documentation, management review.

◆ Develop a strong internal system of due diligence, controls and transparency over gold supply chains, including traceability and identification of other actors in the supply chain

Requirements met

Each delivery is registered in the ERP system and is assigned a unique identification number, which enables traceability.

Materials received (except: deliveries which are not suitable for video documentation due to their size or composition) are undergoing a weight control which is supported by video recording during removal. This process enables a precise documentation of the receipt of goods for each customer position.

For gold bearing deliveries the following information is recorded in the ERP system: Type of gold

- Weight and assay
- Reference to the gold-supplying Counterparty Due Diligence file
- Date of arrival at the Refinery

Trainings are provided to employees involved in the gold supply chain. Trainings are also triggered by changes or updates (e.g. new LBMA RGG versions)

Additional and specific trainings e.g. anti-money laundering, are provided to employees whose work are closely related to the identification and management of risk (e.g. goods receipt, sales etc.)

An initial on-boarding training is provided to new employees. The training covers LBMA principles and the H+M supply chain policy for gold.

◆ Strengthen the company's commitment to gold-supplying counterparties and, where possible, support gold-supplying counterparties in building due diligence capacity

Requirements met

Heimerle + Meule GmbH "policy regarding due diligence for supply chain of gold" and the "policy of Heimerle + Meule GmbH regarding laws, human rights, environment and health" are available on our webpage for business partners and interested third parties (<https://www.heimerle-meule.com/company/responsibility/policy-concerning-conflict-minerals/>).

We have three ways to communicate our "policy regarding due diligence for supply chain of gold" to suppliers:

1.) Suppliers for fine gold, gold-bearing alloys and gold salts or respective solutions, which are not certified according to LBMA or RJC CoC, are asked on a yearly basis to agree to the policy of Heimerle + Meule GmbH regarding the supply chain of gold.

2.) Sales agreements and sales receipts refer to our policy and requires supplier of recycled material to confirm in writing that they commit to the Heimerle + Meule GmbH's policy.

3.) Heimerle + Meule GmbH supports an artisanal and small-scale mining (ASM) cooperative in Latin America with the goal of implementing a closed pipe LBMA-compliant supply chain. This support includes e.g.:

- encouraging our counterparties to make use of our grievance mechanism in case of suspicion
- collaborating with local Mining Authorities to mitigate corruption risks
- providing financial support in order to facilitate health and safety measures
- engaging with the Mining Authority for transfer of knowledge and capacity building
- on site visits and meetings with local communities

The closed pipe agreement includes a Letter of Intent and cooperation agreement. This requires our contract partner to adhere to our supply chain policy and to implement the Code of Risk mitigation for ASM engaging in Formal Trade (CRAFT), based on the OECD Due Diligence Guidance, with the help of an NGO.

◆ Establish a confidential grievance mechanism

Requirements met

An internal process has been developed to manage grievances. For employees, a functional mailbox can be used to submit grievances and concerns.

For external and internal stakeholders, complaints, grievances, suggestions or questions can be directly addressed to the Compliance officer using the following e-mail address: compliance@heimerle-meule.com.

Step 2: Identify and assess risks in the supply chain

Requirements met

Heimerle + Meule GmbH has fully complied with Step 2: Identify and assess risks in the supply chain.

◆ Identify risks in the gold supply chain

Requirements met

Heimerle + Meule GmbH established procedures to avoid commercial relationship with counterparties who do not comply with our policy regarding due diligence for gold supply chains. The company deploys a risk assessment with following steps:

- verification of the origin of gold
- collection of information for the KYC process
- plausibility check of delivered material

Although specialised in refining recycled gold, the company decided in 2019 to diversify its gold supply chain. To do so, Heimerle + Meule GmbH has begun to source from an artisanal and small-scale mining sector (ASM).

In order to evaluate the conditions of extraction, processing and transport of mined gold, following measures are taken by Heimerle + Meule GmbH as well as through joint initiatives:

- Identification of supplier including individual miners through our local network.
- Assessment of ASM formalization status in cooperation with the local mining authority
- Collecting information and assessing mining practices
- Assessment of child labour risks
- Observance of human rights and fundamental freedoms
- Assessment of health and safety risks taken by the miners
- Assessment of the impact of mining and processing practices on the environment
- Assessment of the impacts (positive and negative) on local communities CRAFT Reports are issued regularly by an NGO on site and evaluated by our Supply Chain Manager.

◆ Assess risks in the supply chain

Requirements met

Our risk assessment and risk management is designed to prevent gold from unknown sources and/or doubtful ethical origin from entering our facilities. The KYC process is designed to give us a better understanding of our gold supplying counterparties.

To assess risks in the supply chain, first, the countries of origin are classified according to their respective risks in green, yellow and red categories (this corresponds to low, medium and high risk categories) using publicly available sources including WJP, Basel AML, SGI.

Second, Heimerle + Meule GmbH's KYC process is based on the following steps:

- Identification of the customer and Beneficial Owner
- Beneficial Owners (>25% shares) are checked in terms of PEPs and World Compliance sanctions lists
- Directors are checked in terms of PEPs and World Compliance sanctions lists
- Companies (as a whole) are checked in terms of World Compliance sanctions lists
- Obtaining business and financial details
- Assigning a unique counterparty number, if previous checks and documentation are complete

Client data is subject to continuous monitoring by a web based application. The web based application informs responsible personnel of changes. Changes are reviewed and may trigger action or changes in risk status.

The review of all collected data, results in a calculated overall risk and each client is assigned a color rating (green, yellow or red). Customers classified other than "green" are subject to enhanced due diligence according to LBMA-RGG.

The diversification of our supply chain into artisanal and small-scale mining has different risks than sourcing recycled gold. To perform due diligence Heimerle + Meule GmbH has reviewed our counterparty in Latin America with regards to conflict-affected and high-risk areas. Therefore, Heimerle + Meule GmbH:

- identified mines and miners with whom a business relationship is considered through in person meetings by Heimerle + Meule GmbH employees or independent third parties
- Verify KYC information (mining permit, export license, beneficial owners, miners IDs, organization chart,...) and other pertinent information from credible sources
- used good faith efforts to identify `red flags`
- consulted with local authorities, non-governmental organizations, local partners, etc.
- shared its policy regarding child labour with its counterparty. Heimerle + Meule GmbH relies on partners (also one NGO) on-site to check and monitor in addition to own visits.

◆ Report risk assessment to designated Senior Management	
Requirements met	Information gathered on the counterparty and resulting risk analysis is discussed event driven with the General Management. They are ultimately responsible for approval, suspension or even the refusal of a business relationship. General Management approves new supply chains assessed as high risk. In addition, they reevaluate on a yearly basis and decide whether to continue the business relationship or not.
Step 3: Design and implement a strategy to respond to identified risks	
Requirements met	Heimerle + Meule GmbH has fully complied with Step 3: Design and implement a management system to respond to identified risks.
◆ Report findings to designated senior management	
Requirements met	General Management is informed about the data collected and the potential and actual risks on a case-by-case basis.
◆ Development of a strategy for the risk management of identified risks. Devise and adopt a risk management plan for:	
a) Continuing trade throughout the course of risk mitigation efforts b) Temporarily suspending trade while pursuing ongoing risk mitigation efforts c) Disengaging with a supplier	
Requirements met	Heimerle + Meule GmbH has defined a strategy for dealing with identified risks. For this purpose, potential risk areas (e.g. money laundering, financing of terrorism, corruption) were identified and combined into different patterns of action based on the severity of the suspicion
	<p>If a risk or suspicion of risk is identified, the business relationship is suspended until further evidence can be gathered.</p> <p>If the suspicion is substantiated by evidence the following measures are taken:</p> <ul style="list-style-type: none"> • termination of business relationship, • cancellation of forthcoming deliveries, • transfer of material to quarantine storage, • where appropriate, also a notification to relevant authorities.
◆ Implement the risk management plan, monitor and track performance of risk mitigation, report back to designated senior management and consider suspending or discontinuing engagement with a supplier after failed attempts at mitigation	
Requirements met	If corrective and preventive measures or even suggestions for improvement are required, those are discussed and initiated together with the business partner. The effectiveness of these measures will be reviewed after six months at the latest.
◆ Undertake additional fact and risk assessments for risks requiring mitigation, or after a change of circumstances	
Requirements met	If risk mitigation measures have been completed, these are taken into account and evaluated as part of the overall risk management process.

Step 4: Carry out independent third-party audit of due diligence practices

Requirements met

Heimerle + Meule GmbH has fully complied with Step 4:
 Arrange for an independent third-party audit of the supply chain due diligence.

Heimerle + Meule GmbH is audited on a yearly basis by an auditor approved by the LBMA. KPMG was selected as an independent company to carry out the annual audit process in accordance with the ISAE 3000 standard.

Step 5: Reporting on supply chain due diligence for 2019

Requirements met

Heimerle + Meule GmbH has fully complied with Step 5:
 Report on supply chain due diligence.

The Heimerle + Meule GmbH Policy regarding due diligence for supply chain of gold and the policy of the Heimerle + Meule GmbH regarding laws, human rights, environment and health are found here:

<https://www.heimerle-meule.com/company/responsibility/policy-concerning-conflict-minerals/>.

This is the Heimerle + Meule GmbH Compliance Report for reporting year 2019, it is found on our homepage and published by the LBMA.

If users of this report wish to provide any feedback to Heimerle + Meule GmbH with respect to this report, they can contact Heimerle + Meule GmbH's Compliance Officer on compliance@heimerle-meule.com.

Conclusion on risk management

◆ Compliance with requirements of the LBMA Responsible Gold Guidance for the period reported

Requirements met

General Management of Heimerle + Meule GmbH is directly involved in the decision-making process of our gold supply chain.

The guidelines of LBMA's RGG and the applicable legal requirements are covered by the company's "RGG-Handbuch" together with relevant documentation and form the basis of Heimerle + Meule GmbH. Supply chain due diligence management system The management system was updated in 2019 to reflect the changes in the LBMA's RGG version 8 and the diversification of our gold supply chain (i.e. mined gold from ASM).

In conclusion, Heimerle + Meule GmbH implemented an effective supply chain due diligence management system, procedures, processes and practices to conform to the requirements of the LBMA Responsible Gold Guidance for the reporting year ended 31 December 2019.