

# Independent Assurance Report (Reasonable Assurance Engagement) on the LBMA Refiner's Compliance Report of Agosi AG for reporting year 2022

To the Management of Agosi AG, Pforzheim

KPMG Cert GmbH Umweltgutachterorganisation, Cologne, ("KPMG" or "we") has been engaged with letter dated 19 December 2022 to carry out a reasonable assurance engagement on the LBMA Refiner's Compliance Report of Agosi AG, Pforzheim, (further "Company") for the year ended 31 December 2022. The Refiner's Compliance Report is based on the criteria described in the LBMA Responsible Gold Guidance and Responsible Silver Guidance published by the London Bullion Market Association ("LBMA"), available at [www.lbma.org.uk](http://www.lbma.org.uk).

## Agosi AG's Responsibilities

The legal representatives of the Company are responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the LBMA Responsible Gold Guidance (version 9) and LBMA Responsible Silver Guidance (version 1). 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.

## Our responsibilities

It is our responsibility to express a conclusion on the Refiner's Compliance Report for the year ended 31 December 2022 based on our work performed within a reasonable assurance engagement.

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. 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. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a reasonable assurance engagement are more comprehensive than in a limited assurance engagement, the level of assurance obtained is substantially higher. The choice of assurance procedures is subject to the auditor's own judgement.

Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of management to gain an understanding of Agosi AG'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
- Visit to site operating in Pforzheim, 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 Sourcing Guidance
- Reviewing a selection of gold and silver supplying counterparty due diligence dossiers and transactions
- Reviewing the overall presentation of the Refiner's Compliance Report to ensure consistency with our findings

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

### **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 conclusion**

Based on the procedures performed and the evidence obtained, in our opinion, the Refiner's Compliance Report of Agosi AG for the period from 1 January to 31 December 2022, in all material aspects, describes fairly the activities undertaken during the year to demonstrate compliance with the requirements of the LBMA Responsible Gold Guidance and Responsible Silver 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 addressed solely to Agosi AG, in accordance with the terms of our engagement contract. Those terms permit disclosure to other parties solely for the purpose of Agosi AG showing that it has obtained an independent assurance report in connection with Agosi AG's Refiner'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 Agosi AG. We have carried out our engagement on the basis of the General Engagement Terms included in our engagement agreement dated 19 December 2022. 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, 24 March 2023

KPMG Cert GmbH  
Umweltgutachterorganisation

Krause  
Managing Director

ppa. Reith  
Manager

## **Appendix**

Refiner's Compliance Report



# **Appendix**

## **Refiner's Compliance Report**



**Multi-Metal Combined Responsible Gold Guidance (RGG) and Responsible Silver Guidance (RSG)  
Refiner Compliance Report 2022**

Table 1. Refiner's details	
Refiner's name	Agosi AG
Location	Kanzlerstr. 17 75175 Pforzheim Germany
Reporting year-end	31.12.2022
Date of Report	3.2.2023
Senior Management responsible for this Report	Karl-Heinz Flach Director TQM & Services, LBMA / RJC CoC Compliance Manager

Table 1: Refiner's details

Agosi AG was originally founded in 1891 as 'Allgemeine Gold- und Silberscheideanstalt AG', a joint stock company, following the initiative of a group of jewellery and watch manufacturers in the German city of Pforzheim. Their intention was to establish a neutrally operating and legally independent precious metal refinery, capable of treating complex materials economically and efficiently.

Today Agosi is one of the leading companies in Europe offering the full precious metals cycle and other precious metals services – not only recycling and products for renowned customers from the field of jewellery and watchmaking, and from the coin industry, but also for industrial applications in electrical engineering, in automobile manufacture, in the chemical industry and in medical technology.

Agosi AG itself is a group of companies providing these precious metals services around the globe. As part of the Umicore Group, Brussels/Belgium, Agosi represents the core of the Umicore Business Unit Jewelry & Industrial Metals (BU JIM), and is home to the unit's headquarters. In this function Agosi also coordinates the activities of the Umicore subsidiaries in Toronto/Canada and Sao Paulo and Manaus/Brazil. Being part of Umicore, Agosi has direct access to its affiliates world-wide.

This report applies to all BU JIM entities, namely:

- Agosi AG, Germany ("Agosi")
- Oegussa Ges.m.b.H., Austria
- Schöne BV, The Netherlands
- Umicore Precious Metals Canada ("UPMC"), Umicore PM USA ("UPMU")
- Umicore Brazil
- Umicore PM Thailand ("UPMT")
- The Umicore Marketing Services ("UMS") companies in
- UK
- France
- Portugal

Agosi has been an active member of LBMA since October 2008. The LBMA's Responsible Gold and Silver Guidance for Good Delivery Refiners has become Agosi's fundamental approach in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflicts, to comply with anti-money laundering standards and to prevent terrorist financing practices, to support strong corporate governance and to emphasize responsibility for the environment and sustainability.

These standards are central tenets of Agosi's robust Integrated Management System, hereinafter referred to as IMSA. Components of the integrated management system also include compliance with occupational safety. Risk assessments are carried out regularly in all corporate processes. Legal requirements and applicable law are taken into account when performing due diligence within the supply chain. Information and data received are treated confidentially and are subject to data protection regulations.

In the reporting year, the scope of IMSA included the following standards and requirements in their respective valid versions:

- LBMA RGG (v 9) and RSG (v 1)
- RJC CoP 2019
- RJC CoC 2017
- ISO 9001
- ISO 14001
- ISO 50001
- ISO / IEC 17025
- Waste Management Company

## Agosi evaluation

Table 2: Summary of activities undertaken to demonstrate compliance
<b>Step 1: Establish strong company management systems</b>
<b>Compliance Statement with Requirement:</b> We have fully complied with Step 1 "Establish strong company management systems".
<b>1.1 Adopt and commit to a policy for gold/silver supply chain due diligence</b>
<p>Comments and Demonstrations of Compliance:</p> <p>Agosi has a well-established and robust management system (IMSA, as mentioned above ). This also includes the Guideline for Due Diligence in the Precious Metals Supply Chain (<a href="#">Responsibility &gt; Agosi AG</a>). and Umicore's Code of Conduct (<a href="#">Code of Conduct &gt; Agosi AG</a>), and applies to all precious metals processed and sold by Agosi.</p> <p>Agosi follows the requirements of the LBMA, and in particular the Responsible Gold Guidance (V 9) and the Responsible Silver Guidance (V 1). The latest version of Agosi's Due Diligence Guideline can be found and accessed on the website's download page in German, English or French (as mentioned above).</p> <p>This report refers to Agosi AG, Kanzlerstrasse 17 in Pforzheim, Germany.</p> <p>It is consistent with Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas (CAHRAs). Consequently, Agosi's Due Diligence Policy sets out responsibilities and commitment regarding:</p> <ul style="list-style-type: none"> <li>- establishing and maintaining strong management systems to combat serious human rights abuses associated with the extraction, transport and trade of precious metals,</li> <li>- preventing Agosi from contributing to conflict,</li> <li>- conducting stringent and methodical risk based due diligence over the Precious Metals Supply Chain,</li> <li>- fighting Money Laundering and Terrorist Financing</li> <li>- screening and monitoring transactions.</li> </ul> <p>Furthermore, the Guideline for Money Laundering Prevention, which is also documented in IMSA, is an integral part of Agosi's management system.</p> <p>These documents, as well as all other documents that are part of IMSA, are subject to regular control for topicality and correctness.</p> <p>IMSA assigns roles and accountability and delegates responsibility, ensuring that the appropriate resources are available to maintain each element of the management system and LBMA RGG and RSG in particular. IMSA is supported by additional processes, process descriptions and other guidance documents, which are developed and kept up to date together with process owners and experts from the relevant departments. All in all, IMSA is an integrated management system that covers the above-mentioned standards as mentioned under Table 1/Refiner's details.</p> <p>Agosi employees are trained annually on the content and importance of the LBMA RGG and RSG. The training is conducted as e-learning and is mandatory for the selected employees. Each employee can do the training individually and according to personal availability.</p>



## 1.2 Establish management structures to support supply chain due diligence

### Comments and Demonstrations of Compliance:

Business partner due diligence is effected and maintained in close cooperation between the sales department and the compliance department (accounting department) by means of a detailed business partner screening process. This process is described in specific IMSA documents and is managed by the departments in charge.

Records of Due Diligence performed are maintained.

The Compliance Manager is a member of the Executive Board and has all the necessary authority to implement the requirements. He chairs a panel of experts, consisting of sales, compliance, and quality management in regular meetings every 6 to 8 weeks. Current issues relating to LBMA are discussed there.

Payments are accepted only through official banking channels without exceptions. Cash transactions are not allowed and will not be accepted.

Suspected transactions are submitted to the responsible authorities.

## 1.3 Establish a gold/silver traceability system

### Comments and Demonstrations of Compliance:

Agosi has a SAP ERP system. Prior to processing gold, silver, and other precious metals, the counterparty's delivery note must have been received and relevant transaction details entered into the SAP ERP system. Lots received are registered in the transaction system, ensuring traceability within the production flows. The ERP system tracks and records the date when material was received as well as the date the material was refined. Before processing the incoming material, specific checks e.g. visual inspection for external damage, inspection of gross weight, visual inspection of the goods and plausibility check are carried out on the received material, as described in the internal guidelines. Every delivery and batch will be given a unique batch number. With this identification the item can be tracked or traced at any time.

## 1.4 Strengthen company engagement with gold/silver supplying counterparties

### Comments and Demonstrations of Compliance:

Agosi's sales department informs its counterparties about their obligation to accept Agosi's due diligence policy in sales and advisory meetings and have them acknowledge their acceptance in writing.

For this purpose a guidance document is available in IMSA. This document serves as a guide for the sales staff to inform counterparties about Agosi's due diligence policy. Additionally, this guidance document includes information for Agosi sales staff on how to address the relevant counterparties and promote establishing their own precious metals supply chain due diligence, thus encouraging them and offering initial support for implementing responsible sourcing.

## 1.5 Establish a confidential grievance mechanism

### Comments and Demonstrations of Compliance:

On the Agosi homepage (go to: Company>Responsibility>Responsible Precious Metals), every internal or external stakeholder can contact Agosi's LBMA Compliance Manager by phone or email:

[Responsible Precious Metals > Agosi AG](#)

It is also possible to contact Umicore directly and anonymously by using the link provided there:

[Contact us | Umicore | Umicore](#)

Employees also have the possibility to submit a complaint or voice concern anonymously on the Agosi Sharepoint Page. The grievance process is described in an IMSA Document.

No complaints, neither internal nor external, were received in the period under review.

## Step 2: Identify and Assess Supply Chain Risks

### Compliance Statement with Requirement:

We have fully complied with Step 2: Identify and Assess Risks in the Supply Chain

The screening of potential business partners (BPS) is subject to a risk-based approach. It is to be carried out by the compliance department as part of the commercial administration and is based on a points system. For each criteria, the risk level is to be evaluated as either Low, Medium or High Risk.

The sum of the points achieved results in a binding recommendation for action.

One of the key risks is country risk, taking into account the customer's country of domicile, the risk of potential conflicts and environmental risk. Transactions with high risk countries require prior approval of Agosi's CEO.

## 2.1 Conduct supply chain due diligence to identify potential risks

Comments and Demonstrations of Compliance:

The business partner screening process and associated risk assessments are described for the JIM business unit in the Umicore Business Unit Supply Chain Security Guideline, which is mandatory for all business unit locations. Agosi developed a Business Partner Screening (BPS-Scoring) to identify and manage possible risks deriving from business partners. There are three risk levels: low, medium and high. The risk profile takes into consideration various Know Your Counterparty (KYC), Know Your Material (KYM) and Know Your Transaction (KYT) criteria and requirements. Due diligence is performed as part of the BPS scoring process.

Important points are:

1. Country of domicile/registration
2. Business segment
3. Date of incorporation
4. Recent changes in names, addresses, management and/or operations
5. Size of workforce
6. Publicly available information (e.g., company website, news channel, Google Street View)
7. Verification of VAT number (for EU companies only)
8. Verification of sanctions lists (crime, terrorism, embargoes, PEP)
9. Are effective BPS controls in place at the customer site?
10. Country of origin of input/output materials: conflict risk
11. Country of origin of input/output materials: environmental risk
12. Form of input materials
13. Form of output materials
14. Payment method
15. Own impressions

## 2.2 Classify supply chains based on risk profiles

Comments and Demonstrations of Compliance:

The following recommendations for action or categories result from the risk assessment:

1. Business activity allowed
2. CEO approval required
3. Not recommended
4. BU Compliance Officer approval required
5. Business relationship prohibited

## 2.3 Undertake Enhanced Due Diligence measures for high-risk supply chains

Comments and Demonstrations of Compliance:

Increased risks within the supply chain are automatically identified as part of the customer review and BPS scoring. In principle, a high-risk country always requires approval by Agosi's CEO. This approval is valid for a maximum period of one year, after this period a reassessment according to the dual control principle is to be effected. Umicore companies are generally prohibited from doing business with certain countries. The Corporate Security Officer of Umicore announces these countries once a year.

## Step 3: Design and Implement a Management Strategy to Respond to Identified Risks

**Compliance Statement with Requirement:**

We have fully complied with Step 3 "Design and implement a management system to respond to identified risks".

Agosi has devised a strategy for risk management of any identified risk by either

- a) mitigation of the risk while continuing to trade,
- b) mitigation of the risk while suspending trade or
- c) disengagement from the risk.

Comments and Demonstrations of Compliance:

Agosi has devised and adopted an appropriate strategy for risk management of identified issues based on a 'prevent, detect and respond model', as required by the OECD Due Diligence Guidance and by the UN Guiding Principles on Business and Human Rights. The protocol created allows Agosi to manage risks through risk assessment and investigation (enhanced due diligence) and to mitigate and remediate human rights impacts in the precious metal supply chain.

The strategy includes estimation of the level of the risk, taking into consideration the country of origin, counterparty, product, complexity of the supply chain and any other relevant circumstances, and the application of defined strategies according to the level or risk given.

### **3.1 Devise a risk management strategy for the identified risk**

Comments and Demonstrations of Compliance:

Based on the principles and regulations under the LBMA RGG / RSG, an risk management strategy is determined. It is documented in an internal guidelines which was approved by the Senior Management of Agosi. High Risks deriving e.g. from BPS Scoring are reported to the Senior Management. Depending on its risk assessment, the business relationship is either continued, terminated or suspended. In any case it needs the confirmation and approval the CEO or CFO. Agosi is not currently considering the option of continuing a relationship with an improvement plan.

The AML Officer reports to the Senior Management and other designated personal from the internal sales and technology departments in a monthly meeting. In these meetings, the most recent transactions are discussed.

In case the monitoring of business transactions detects risks according to the applied internal guideline the CEO or CFO will be contacted for further decision making. The Senior Management together with the AML Officer retain the ultimate control and responsibility of whether a business relationship is continued or not.

Furthermore, the LBMA / RJC Compliance Manager meets with a team consisting of Sales, the AML Officer and the Quality Management at regular intervals, approximately every 6 to 8 weeks, in order to discuss potential risks, possible or necessary changes to existing processes or the results of audits.

### **3.2 Monitor the improvement plan**

Comments and Demonstrations of Compliance:

As determined in section 3.1, Agosi is not currently considering the option of continuing a business relationship with an improvement plan. Therefore, the requirement of the RGG to monitor a respective improvement plan is not applicable for Agosi.

### **3.3 Report findings to the Board Committee**

Comments and Demonstrations of Compliance:

In 2022 we discussed and decided on 14 cases, two led to a suspicious activity reporting. They ranged from possible breaching of embargo sanctions to quantity and quality findings of announced or incoming material.

### **3.4 Continuously monitor adequacy of risk management strategies**

Comments and Demonstrations of Compliance:

When the findings mentioned under 3.3 are discussed and decided the timeframe and depth of observation are set. See also 3.2

## **Step 4: Obtain Independent Third-Party Assurance on Supply Chain Due Diligence Practices**

Compliance Statement with Requirement:

We have fully complied with Step 4 "Arrange for an independent third-party audit of the supply chain due diligence".

Comments and Demonstrations of Compliance:

Agosi engaged the services of the LBMA approved auditing firm KPMG Cert GmbH Umweltgutachterorganisation. The audit for LBMA RSG and RGG was performed under the ISAE 3000 standard. Their independent Limited Assurance for LBMA RGG and RSG Report for 2021 is publicly available on Agosi's website.

#### 4.1 Assurance requirements

Comments and Demonstrations of Compliance:

Only LBMA approved audit companies are selected after consultation of the LBMA website (Responsible Sourcing Approved Service Providers).

It is understood that the audit firms listed there comply with the statutory regulations and professional pronouncements, in particular the professional principles of auditors and certified public accountants as well as the quality assurance standards of the Institute of Public Auditors in Germany. The auditors performing the audit must have expertise in the standards to be audited.

The most recent Audit, in 2022, was conducted with no High Risks Non Compliances or System threatening Major Non Conformances.

German-speaking auditors are preferred in order to achieve the best possible efficiency both for the necessary interviews as well as for the evaluation of documents presented during the audit.

### Step 5: Report Annually on Supply Chain Due Diligence

#### Compliance Statement with Requirement:

We have fully complied with Step 5 "Reports on supply chain due diligence".

Comments and Demonstrations of Compliance:

The Precious Metals Supply Chain Policy adopted by Agosi is available on the company's website as well as Agosi's Refiner Compliance Report referring to calendar year 2022. The independent third-party assurance report is publicly available on Agosi and on the LBMA websites.

#### 5.1 Reporting requirements

Comments and Demonstrations of Compliance:

The refiner's report is prepared annually at the beginning of each calendar year and covers the previous year retrospectively. Its requirements and contents follow the structure of chapters in the current version of the LBMA Responsible Gold Guidance.

### Refiner's Overall Conclusion

#### Table 3: Management conclusion

**Is the refiner in compliance with the requirements of the LBMA Responsible Gold and Silver Guidance for the reporting period?**

Agosi implemented effective and robust management systems, procedures, processes and practices to conform to the requirements of the LBMA RGG and RSG for the reporting year ended 31st December 2022 and is fully compliant. Agosi is committed to continuous improvement that is monitored internally on a regular basis. Any potential corrective action will be implemented immediately.

**Table 4: Other report comments**

Users of this report are welcome to provide feedback or address relevant queries to Agosi by emailing:  
[Karl-Heinz.Flach@agosi.de](mailto:Karl-Heinz.Flach@agosi.de)

Pforzheim, 21.3..2023

Agosi AG



Franz-Josef Kron  
CEO



ppa. Udo Schühlein  
Plant Manager