

Independent Assurance Report (Limited Assurance Engagement) on the LBMA Refiner's Compliance Report of C. Hafner GmbH + Co. KG for reporting year 2024

To the Management of C. Hafner GmbH + Co. KG, Wimsheim

KPMG Cert GmbH Umweltgutachterorganisation, Cologne, ('KPMG' or we') has been engaged with letter dated 16 December 2022 to carry out a limited assurance engagement on the LBMA Refiner's Compliance Report of C. Hafner GmbH + Co. KG, Wimsheim, (further "Company") for the year ended 31 December 2024. The Refiner's Compliance Report is based on the criteria described in the LBMA Responsible Gold Guidance, published by the London Bullion Market Association ('LBMA'), available at www.lbma.org.uk.

C. Hafner GmbH + Co. KG'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). 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 2024 based on our work performed within a limited 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 have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Refiner's Compliance Report has not been prepared, in all material respects, in accordance with the LBMA Responsible Gold Guidance. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. 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 C. Hafner GmbH + Co. KG'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 Wimsheim and Pforzheim (Germany) and Pama (Austria);
- 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 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

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

Our conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Refiner's Compliance Report of C. Hafner GmbH + Co. KG for the period from 1 January to 31 December 2024 has not been prepared, in all material respects, in accordance with the requirements of the LBMA Responsible Gold Guidance.

Restriction on use/limited liability

This assurance report is addressed solely to C. Hafner GmbH + Co. KG, in accordance with the terms of our engagement contract. Those terms permit disclosure to other parties solely for the purpose of C. Hafner GmbH + Co. KG showing that it has obtained an independent assurance report in connection with C. Hafner GmbH + Co. KG'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 C. Hafner GmbH + Co. KG. We have carried out our engagement on the basis of the General Engagement Terms included in our engagement letter dated 16 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, 28 March 2025

KPMG Cert GmbH
Umweltgutachterorganisation

Krause
Managing Director

ppa. Reith
Senior Manager

Appendix

Refiner's Compliance Report

Appendix

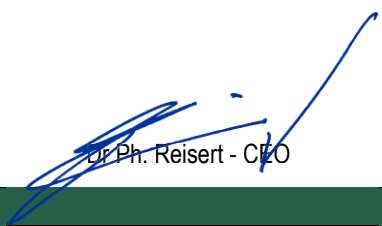
Refiner's Compliance Report

The C. HAFNER Compliance report has been written to show compliance with:
LBMA Responsible Gold Guidance (RGG) V9 for reporting year 2024.

General statement of the Board

Founded in 1850, C.HAFNER GmbH + Co. KG is today a fifth-generation family firm and one of Europe's leading product and service providers in the field of precious metals technology. Our areas of application are the precious metals utilizing industry, the jewellery and watches sector, as well as the dental technology; all abovementioned sectors combined with a variety of products and services. The company is currently managed by Birgitta Hafner and Dr. Philipp Reisert, additionally supported by Marco Kienle (CFO), Dr. Ingwar Hünsche (CTO) and Kevin Elsässer (COO), in their respective roles. C.HAFNER relies on innovative products and digital technologies, with a strong customer focus and stringent environmental standards. Taking into consideration the company's position in constantly evolving precious metals supply chains, we are fully aware of the corporate's responsibility to respect and adhere to internationally recognized environmental, social and governance (ESG) standards. As a Good Delivery Refiner for gold and LBMA Affiliate Member, we adhere to LBMA's Responsible Gold Guidance and we have also committed to the Global Precious Metals Code (GPMC). C. HAFNER has been accredited as a "Good Delivery Gold Refiner" by the LBMA in 2013. The company has underlined its commitment to LBMA's principles including the Global Precious Metals Code (GPMC) and has been admitted as an Affiliate Member with effect from 27th September '23.

Refiner's details

Refiner's name	C. HAFNER GmbH + Co. KG
Location / Scope of reporting	71299 Wimsheim, Maybachstrasse 4 75179 Pforzheim, Esslinger Strasse 11 2422 Pama (AUT), Gewerbestraße 30
Reporting year	2024
Date of Report	2025-02-19
Senior management responsible for this report	Dr. Philipp Reisert 

Persons responsible for supply chain due diligence and compliance

Compliance Officer: Eduard Stefanescu

Due Diligence Board: Sandra Popp (Head of Precious Metals Accounting), Marco Kienle (CFO & AML Officer), Eduard Stefanescu

Step 1: Company management systems

Compliance statement with requirement:

We have fully complied with Step 1: Establish strong company management systems.

1.1. Has the Refiner adopted a supply chain policy regarding due diligence for supply chains of gold?

YES, C. HAFNER has adopted a Corporate Policy and a Supply Chain Policy for a Responsible Global Supply Chain of Minerals.

C. HAFNER's [Corporate Policy](#) and [Supply Chain Policy](#) for a Responsible Global Supply Chain of Minerals, both covering the scope of C.HAFNER GmbH + Co. KG business activities in Wimsheim/Germany, Pforzheim/Germany and Pama/Austria can be viewed and downloaded at any time in the *Responsibility* section of our company's website. Generally, C.HAFNER's website is being provided in three languages, i.e. in German, English and French. The English version of the *Responsibility* section can be viewed at <https://www.c-hafner.de/en/company/responsibility.html>. By scrolling down through the section, readers will find our corporate policy, our supply chain policy followed by supply chain related reports, as well as relevant accreditations and certificates. Since our supply chains are spread across several countries in Europe, the company publishes its supply chain policy exclusively in English. Corporate and supply chain policies are reviewed on an annual basis and updated by the company's Compliance Officer, if required. These are approved at senior management level, by Dr. Philipp Reisert (Managing Partner / CEO). The policies are communicated to all employees.

C.HAFNER's **supply chain policy** is consistent with the OECD 'Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRA) / 3rd edition, 2016', including Annex II risks, recognizing that risks of significant adverse impacts may be associated with extracting, trading, handling and exporting minerals from CAHRA. Our supply chain policy clearly states that C.HAFNER does **not** source from CAHRA and does **not** tolerate any forms of torture, cruel, inhuman and degrading treatment and any forms of forced or compulsory labour, the worst forms of child labour, other gross human rights violations and abuses such as widespread sexual violence, war crimes or other serious violations of international humanitarian law, as well as crimes against humanity or genocide. It requires our suppliers to respect and adhere to national laws, international regulations and precious metals sector-relevant recommendations from civil society and non-governmental organizations with regards to the protection of the environment and the sustainable use of resources. Environmental, health and safety and labour regulation in country of operation and required environmental permits and registrations are mentioned as minimum standards. Furthermore, the policy includes our commitment to adopt it, widely disseminate and share it in contracts and/or agreements with suppliers representing a common reference for conflict-sensitive sourcing practices and suppliers' risk awareness from the point of extraction until the end user. Finally, our supply chain policy describes overall risk management in case of substantiated suspicions related to our supply chains, i.e. immediate suspension or discontinued engagement with upstream suppliers.

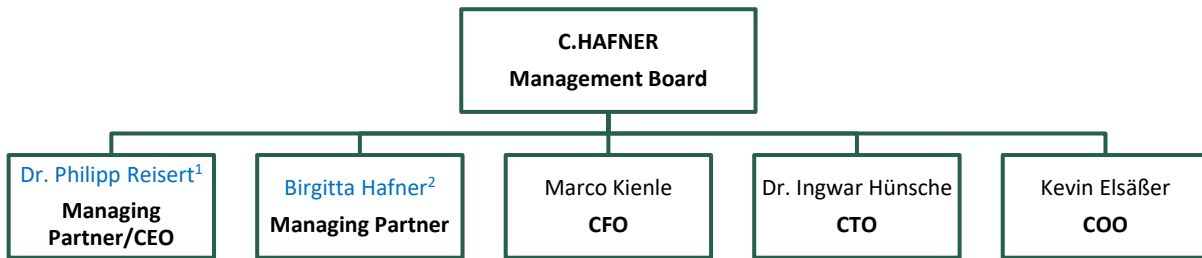
Our **corporate policy** describes C.HAFNER's business activities, summarizes implemented management systems, reflects on our values and our general strategy as well as the company's overall goals. With reference to the OECD Guidance and the EU Regulation 2017/821, the so-called conflict minerals regulation, laying down supply chain due diligence obligations for entities defined as European Union importers of 3TG (tin, tungsten, tantalum, and gold), our company further emphasizes its values of integrity, ethical conduct and the fulfillment of legal obligations.

Our commitment to ESG efforts has led to C.HAFNER GmbH + Co. KG becoming a member of the **United Nations Global Compact (UNGC)**, the world's largest and most important initiative for sustainable and responsible business management. As part of our commitment to sustainable and responsible business practices, we are steadily integrating the Ten Principles of the United Nations Global Compact into our strategies and business operations. By joining this initiative in February 2023, we have committed to respecting human and workers' rights, protecting the environment and fighting corruption in all its forms. Our [UNGC member portal](#) shares general information on the company, our Letter of Commitment to the initiative and the most recent Communication on Progress to UNGC's Ten Principles.

1.2. Has the Refiner set up an internal management structure to support supply chain due diligence?

YES, C. HAFNER has established appropriate gold supply chain due diligence systems and governance structures.

C. HAFNER maintains a due diligence management system including instructions, process descriptions, responsibilities, know your customer process (KYC) and identification and management of risks based on the current versions of LBMA RGG, LPPM RPPG as well as RJC COP & COC. The company is orientated to specific OECD Guidance recommendations for refiners and complies with the requirements of the EU Regulation 2017/821 laying down supply chain due diligence obligations described in Articles 4 to 7 of the regulation. A digital database / document management system is used to manage entire documentation. The document management system enables the assignment of responsibilities, the definition of measures and the monitoring of reoccurring review deadlines.



^{1,2} shareholder and beneficial owner

C.HAFNER Management Board

C.HAFNER's broad-based Management Board boasts vast experience with regards to:

- corporate management, particularly in the precious metals sector
- managing human resources and organizational culture
- securing long-lasting employment and relationships within a family-owned business
- operational health and safety in chemical processing environment
- operational excellence and health and safety with regards to high-end precious metals components and products and manufacturing of Good Delivery Bars
- risk management in general, but also particularly in the precious metals sector

To support the implementation and maintenance of the company's due diligence management system, our Management Board has assigned several roles and responsibilities. The company's Chief Financial Officer (CFO) has been designated Anti-Money Laundering Officer (AML Officer), whilst the Sustainability Manager has taken over the role and responsibilities of the Compliance Officer. Both the AML Officer and the Compliance Officer are part of a 3-member **Due Diligence Board** composed of senior staff, which also includes Deputy CFO (and Head of Precious Metals Accounting).

C.HAFNER's Due Diligence Board (DDB) is composed of:

- Marco Kienle – Chief Financial Officer and AML-Officer, with over 15 years of experience in the precious metals sector. Marco Kienle possesses sound knowledge in precious metals transactions, precious metals controlling, AML topics, and business management in general.
- Sandra Popp – Deputy to CFO and Head of Precious Metals Accounting, with over 40 years of experience in the precious metals sector. Sandra Popp has been with C.HAFNER for her entire career. Hence, her role in the Precious Metals Accounting department is of utmost importance to our due diligence processes and to ensuring the traceability of our supply chains.
- Eduard Stefanescu – Sustainability Manager and Compliance Officer, with a total of 14 years of working experience, close to 7 years in scientific background and industry related non-ferrous mineral processing, and 7 years in the precious metals industry, including nearly 4 years in establishing responsible precious metals supply chains, also in ASM environment, predominantly in Latin-America (remote and on-site) and Western Africa (remote). Eduard Stefanescu led ASM formalization and support for certification projects before being with C.HAFNER. He takes any opportunity to develop further in topics surrounding due diligence, compliance and ESG, but also in anti-money laundering matters, such as training acc. on §5

Geldwäschegesetz (German Anti-Money Laundering Act). Eduard Stefanescu is part and/or Chair of several s (national and EU based) committees within the precious metals, watches & jewellery and sustainability sectors, e.g. Chair of the European Precious Metals Forum Sustainability Platform, Chair of German Precious Metals Association's Sustainability Working Committee, Guest of Responsible Jewellery Council's Standards Committee, appointed national expert (DIN) in ISO TC/174 WG4 Jewellery and Precious Metals – Responsible Precious Metals.

The main tasks of the **Due Diligence Board** include:

- Ensuring internal accountability for the effectiveness of supply chain due diligence policies and procedures.
- Regularly discussing the processes relevant to the fulfilment of due diligence for C.HAFNER specific supply chains.
- Regularly assessing the effectiveness of the supply chain due diligence policies and procedures required to achieve continuous improvement in due diligence and traceability.

Put in simple terms, C.HAFNER's Due Diligence Board is responsible for risk assessment, transparency of the company's supply chains and assessment of the plausibility of any precious metal transaction taking place.

Our Compliance Officer was appointed by the CEO. His responsibilities (non-exhaustive list) are:

- Ensuring that the requirements of industry assurance schemes, i.e. LBMA Responsible Gold Guidance, LPPM Responsible Sourcing Guidance, but also RJC Code of Practices, RJC Chain of Custody are implemented by the relevant responsible functions within C.HAFNER, in accordance with their standards.
- Ensuring important information regarding the gold supply chain, including company policies, reaches relevant employees and gold supplying counterparties.
- Training relevant employees on due diligence topics, including risks in the company's precious metals supply chains.
- Developing, reviewing and updating policies and procedures in relation to the precious metals supply chain(s).
- Monitoring the supply chain due diligence process in a risk-based approach and in regular communication with the Due Diligence Board, i.e. convening meeting of the DDB
- Regularly reporting to CEO with regards to topics surrounding due diligence and ESG matters. This is done in form of regular jour fixe dates.
- Regularly and appropriately exchanging with Due Diligence Board with regards to any topic regarding precious metals supply chains, industry assurance schemes and their standards.

The Compliance Officer reports directly and regularly to the CEO, who retains the ultimate control and responsibility over the company's precious metal supply chain.

Training of staff actively involved in supply chains on Anti-Money Laundering (AML) is conducted by the AML Officer on a regular basis. Training of staff actively involved in supply chains on due diligence in general and C.HAFNER's due diligence process lies within the responsibility of the Compliance Officer. Due diligence and ESG trainings are conducted on a yearly basis around the same period of the year (Q4). These may also be used to discuss and reflect on eventual cases which may have occurred during the year. Training on due diligence also contains sector specific case studies to be discussed. An effectiveness check is included as immediate follow-up after training sessions, where general knowledge but also sector specific case studies are being discussed.

Since also being responsible for reviewing the supply chain policy, supporting internal audits (if required), and implementing corrective actions to support the continuous improvement of the due diligence management system, the Compliance Officer will also take the opportunity to instruct and advise training participants (if required).

C. HAFNER's training programme aims at maintaining and further developing due diligence awareness. Usually, our training process follows a 2-step approach, where the Compliance Officer first delivers overarching due diligence training to all Heads of Departments, plus in some cases additional relevant staff, such as Team Leaders, depending on their active involvement in the company's precious metals supply chains. In a second step, the Heads of Departments / Team Leaders determine the scope of training employees within their team(s) and pass on training. To support the company's due diligence management system and promote awareness and risk sensibility of the staff, additional ad-hoc training in departments involved in the gold supply chain are provided, if required. New employees involved in the gold supply chain receive initial (overall) due diligence training at the start of their employment.

In 2024 the Compliance Officer delivered the due diligence training called '*Due Diligence und Environmental, Social & Governance at C.HAFNER*' to Heads of Departments, Sales Officers, Team Leaders and additional staff involved in the gold supply chain (e.g. staff from the material receiving department). The overall due diligence training was given to a total of 70 employees from C.HAFNER facilities in Wimsheim (HQ), Pforzheim (refining facility) and Pama/Austria (Pama activities are limited to material reception).

The training in 2024 covered topics listed further below:

- General understanding of ESG and compliance in the context of precious metal supply chains
- ESG reporting requirements regarding the EU Corporate Sustainability Reporting Directive (CSRD)
- General understanding and historical developments of due diligence principles and compliance in commodities and the precious metals sector
- OECD Due Diligence Guidance and fundamental 5-step framework, conflict-affected and high-risk areas (CAHRA) acc. to EU-Regulation 2017/821
- Risks related to minerals and metals with regards to mining sector and CAHRA origin as per OECD Guidance Annex II.
- Principles of C.HAFNER internal due diligence management systems (KYC process, approval procedure for new business, monitoring of existing customers), corporate policies, roles and responsibilities
- Overview of standard-setting organisations (LBMA, LPPM, RJC) and their standards

C.HAFNER cooperates with government authorities and/or national law enforcement agencies and customs officials in a transparent manner, for instance within the framework of the control procedure of the EU-Regulation 2017/821 conducted by German agency Deutsche Kontrollstelle EU-Sorgfaltspflichten in Rohstofflieferketten (DEKSOR). Furthermore, in case of a material concern that has been identified with respect to a supplier's activity and/or during the process of on-boarding of a new supplier/customer, the company's respective employee communicates the case to either the Compliance Officer or one of the other members of the Due Diligence Board. The member of the Due Diligence Board which receives the material of concern ensures that the Board is briefed regarding said concern. Following the notice, Due Diligence discusses the case and agrees on appropriate steps.

Eventually, national law enforcement authorities will file a request for information related to an infringement / misdemeanour of a precious metals supplying counterparty which is part of C.HAFNER's supply chains, or which has made efforts to become a supplier. In such a case, C.HAFNER will always cooperate and deliver required information, taking into consideration and in compliance with national „General Data Protection Regulation“ (GDPR). We will provide full access to records and information in appropriate manner.

C.HAFNER complies with national law regarding record keeping of any type of document. Records are maintained for the minimum timeframe indicated by national / EU law.

Although anonymous gold purchases (board transactions) are still permitted in Germany up to 1,999.99€, C.HAFNER GmbH + Co KG does not accept any cash payments. Transactions are processed exclusively by bank transfer through official banking channels.

1.3. Has the Refiner established a traceability system over gold supply chain, including chain of custody mapping and identification of supply chain actors?

YES, C. HAFNER has established a strong due diligence and internal traceability system with controls that ensure traceability over its gold supply chain. C.HAFNER's traceability system can trace back any and each incoming material lot from the point of entry into our facilities.

In terms of incoming material (each incoming lot), the staff handling the parcels feed the ERP system with the information listed in **Step 1.3 and 2.1** of LBMA's RGG v9, including:

- shipping / transportation documents, together with information on the carrier
- date of arrival at refinery, unique lot number(s)
- photographs of material, weight, and assays (declared and processed)
- type of material/s
- results from chemical analysis and reference to precious metals supplying counterparty.

Basic description of physical traceability system of incoming material:

Note 1: Due to the variety of precious metals suppliers, their locations, their long-term contracts and agreements as well as efficiency with regards to logistics, there may be different shipping options:

- Established well-known valuables carrier/s
- C.HAFNER security provider also providing valuables shipments
- Own delivery in case of private individuals (=> in very rare cases)
- Standard carrier/s in case of reasonable lower value of delivery
- Pick-up by C.HAFNER Account Manager

Note 2: Material acceptance without an underlying KYC is strictly prohibited and cannot be recorded in the ERP system.

Incoming material is recorded under video surveillance in the ERP system and the accompanying shipping documents are checked for inconsistencies with the weight declared by the supplier in the form of a packing list. Once released for further processing, the material enters the so-called preparation area, where it is documented by means of photos including weighing on scale. Each incoming lot is being assigned a processing lot number which will accompany the material throughout the entire process in C.HAFNER's facilities. If actual or potential red flags or inconsistencies are identified during the precious metals receipt concerning material and/or transportation route, the transaction is put on hold until clarified by the Team Leader and Due Diligence Board and/or the Compliance Officer. The interaction of staff conducting risk assessment during embarking of business partners, i.e. Debtor Management Department, complemented by supervision from AML Officer ensure a robust risk identifying process, continuously monitoring the circumstances of the business relationship.

1.4. Has the Refiner strengthened company engagement with gold supplying counterparties, and, where possible, assisted gold supplying counterparties in building due diligence capabilities?

YES, C. HAFNER has strengthened company engagement with gold supplying counterparties, and where possible and within the scope of our possibilities, assisted gold supplying counterparties in building due diligence capabilities.

C. HAFNER basically requires any of its precious metal supplying counterparties to acknowledge and adhere to its own “Supplier Declaration Form”, committing to C. HAFNER’s responsible business conduct values and policies. This includes encouraging and expecting our suppliers to carry out business in compliance with all regulations concerning protection of the environment in country/region of operation. C. HAFNER’s suppliers are required to hold all necessary environmental permits and registrations, as a minimum standard. From an ESG perspective, our suppliers are asked to strive towards the minimization of their environmental impact, including on climate, taking into consideration the health and safety of employees and the public. By requiring our suppliers to respect and follow aspects listed further below, the declaration is intended to safeguard responsible business relations and to minimise risks.

Essential points for supplier acknowledgement (non-exhaustive list):

- Delivery/material does not knowingly contain any primary and/or fresh mined material, such as metal ores or reprocessed ores, that come from conflict areas according to the OECD Due Diligence Guidance for responsible supply chains of minerals from conflict-affected and high risk-areas.
- Material is knowingly no cultural asset or cultural good originating from criminal activities.
- The supplier is the beneficial owner of the goods delivered to C.HAFNER. If this is not the case, the beneficial owner must be declared by means of an appendix.
- The supplier operates his business legally and in compliance with all applicable legal provisions in the country of operation and country where the enterprise is registered.
- The goods were exported according to the legal requirements in country of origin.
- In case the supplier has acquired the material from individuals, these have proven their legal ownership.
- The supplier shall operate its business in compliance with all provisions relating to environmental protection and, as far as possible, regarding sustainable aspects and the ESG principle. The counterparty must ensure that generally recognised guidelines for responsible conduct regarding the environment, social issues and corporate governance are being considered.
- The supplier has taken all reasonable organisational steps within their company to prevent the acquisition and transmission of goods related to illegal or criminal activities, or those that might serve to support, promote, or disguise such activities.
- The supplier does not offer, promise, or grant any privilege to any official or employee of the private sector, whether directly or through intermediaries, to facilitate a business transaction or gain any advantage.
- The supplier shall refrain from using child labour for all work or services, as defined by the International Labour Organization (ILO) <https://www.ilo.org/global/lang-en/index.htm>
- The supplier acknowledges and agrees our [Corporate Policy](#) and [Supply Chain Policy](#)

However, C.HAFNER acknowledges the circumstances and surroundings in which some of our suppliers operate as well as their capacity and size.

C.HAFNER provides the [FAQ document](#) called ‘*Questions and answers regarding the delivery of refinery scrap and sweepings*’ to support suppliers in understanding our requirements in legal compliance and ESG matters. Furthermore, we publish extensive information on the company’s website about environmental programs and GHG emissions to encourage suppliers to improve their own practices. In terms of Environmental, Social and Governance issues, the company has established a homepage section dedicated to our sustainability efforts, where we publish an executive summary of the company’s life cycle assessment, together with the certificate for CO₂-offsetting according to GHG emitted from the recycling plant.

1.5. Has the Refiner established a company-wide confidential grievance mechanism?

YES, C. HAFNER has established an easy-to-access confidential grievance mechanism to promote broad-based employee participation and risk identification to management.

An external law office (*OSR – Rechtsanwälte*) has been mandated to operate the confidential and anonymous grievance mechanism as an experienced independent third-party. All interested parties (internal and external stakeholders) can report concerns or complaints regarding our corporate activities or those of our suppliers. Grievances are handled anonymously by means of a digital platform, accessible at <https://www.c-hafner.de/en/company/responsibility.html> (for employees additionally also via C. HAFNER's intranet).

The grievance portal can be reached via:

- phone (from Germany): 0800 7300 731, (outside Germany): +49 7161 9877 95
- fax: +49 7161 98 77 956
- e-mail at hafner@ombudservice.de
- mail to:
OSR - Rechtsanwälte
Eugenstraße 18
D - 73033 Göppingen

Notifications and complaints filed are handled anonymously, without prejudice and respectfully. The company's grievance management process requires that grievances are recorded and communicated to the Compliance Officer. The Compliance Officer informs the Due Diligence Board and CEO on a case-by-case basis, if investigative measures will be developed. C. HAFNER fosters an open communication culture and encourages employees to report risks as these are identified. For the sake of maintaining awareness and continuous learning, our grievance mechanism and eventual case studies are part of our due diligence training, where those are regularly discussed.

Step 2: Risk identification and assessment

Compliance statement with requirement:

We have fulfilled Step 2: Identify and assess risks in the supply chain.

2.1. Does the Refiner have a due diligence process to identify risks in the supply chain?

YES, C. HAFNER has a process to identify and assess risks in the supply chain.

C.HAFNER uses a self-developed process to identify supplier, material and location risks in our supply chains. The identification process is completed by continuous transactions monitoring. The process follows a risk-based approach and lies within the overall responsibilities of the Due Diligence Board.

Documentation of the KYC process is supported by the Debtor Management department, where all customer data is being processed. Risk assessment is done on a continuous basis. Therefore, the Due Diligence holds regular meetings to discuss any type of red-flags or urgent cases reported by the Debtor Management department, the team from the material incoming department and/or staff from the sales team.

Physical transactions are monitored daily by experienced staff from logistics and material receiving/unpacking department. These employees check for plausibility of volumes and types of incoming material, transportation routing, in case other than C.HAFNER own transfer, as well as consistency of material and accompanying documents. Risk identification and assessment processes are performed using independent sources, i.e. external lists and an external database to collect and verify business information about the counterparties with whom we maintain a business relationship. The country risk assessment covers the material's country of origin and the countries where suppliers are commercially registered. High-level, our due diligence and risk identification process basically follows the threefold approach shown further below:



Since C.HAFNER does not process mined material, e.g. material from alluvial deposits, ores, concentrates, doré and/or mining by-products, our **location risk identification** goes to the point in the supply chain where the material to be refined is returned to the refiner. General transportation routing is checked by our logistics department. Shipping/transportation documents for each material lot are checked and recorded in our ERP system. In relation to location, we additionally check for sanctions lists. Sanctions lists are available through a credit agency database used by our Debtor Management department. Furthermore, the Compliance Officer regularly checks [EU-CAHRA](#) list provided by RAND Europe on behalf of the European Commission. The list is being regularly updated by RAND (i.e. every three months) and documented in our systems. If a supplier is based in a country/region listed in the current release of the EU-CAHRA list, C.HAFNER's supply chain policy prevents us from entering a business relationship. By consulting the EU-CAHRA list, we ensure that information from a considerable number of databases and relevant sources with relevance to the minerals sector and risks associated with it is appropriately considered. Hence, our location risk assessment indirectly includes information from Amnesty International, Armed Conflict Location & Event Data Project (ACLED), Bureau of International Labor Affairs (ILAB), Crisis Group, DELVE, Global Witness, Human Rights Watch, Heidelberg Institute for International Conflict Research and many others. Credible market intelligence includes industry related reports, such as Responsible Sourcing newsletters from LBMA, reports from civil society organizations investigating relevant precious metals supply chains and notifications from market companions.

Before onboarding and start of transactions, our KYC and **supplier risk identification** consists of:

- Check for business partner listing in credit agency database.
If business partner is NOT listed in *database*, then responsible Sales Representative asks for and collects:
 - Certificate of registration / Trade register extract
 - Business registration
 - Evidence regarding company legitimation according to national law
- Check for business partner's beneficial owner/s (i.e. natural person/s who ultimately own/s capital share or voting rights) in database. If business partner's beneficial owner/s is/are NOT listed in database, then the Debtor Management department explicitly requests :
 - Company / business partner name and address
 - Beneficial owner/s full name/s, date/s of birth, address/es and citizenship/s

The credit agency database checks that the gold-supplying counterparty and its UBOs are not named on any government lists as wanted fraudsters. Additionally, credit agency database provides us with the organization's structure, business and financial details (on request). The counterparty's registered purpose of business is checked for consistency with the purpose of business proposed to C.HAFNER.

In case of private individuals delivering precious metals, C.HAFNER collects the following information during delivery, recorded in the form of a questionnaire:

- Copy of identification document (ID or passport)
- Address of private individual
- Declaration that the delivered precious metal/s are the ownership of the supplier
- Declaration on the origin of the precious metal/s
- Acknowledgment (by signature) that precious metal supplier has been notified of our corporate and supply chain policy
- Check for business partner's Tax number or VAT ID in database.
If business partner's Tax number or VAT ID is NOT listed in *database*, then responsible Sales Representative explicitly requests copy of documents mentioned further above.

Our due diligence process requires on-site visits for business relationships with suppliers from the sectors of buyers (B2C), wholesalers (B2B) and industrial processors of precious metals within 8 weeks from on-boarding and creation of customer database. Suppliers from these sectors pose a higher risk to our supply chains compared to smaller businesses with traditional activities, such as dental labs, goldsmiths and jewelry workshops from the local market in Pforzheim and surrounding region, which has grown historically as a center of jewelry production and processing. Also, suppliers from the buyer sector, wholesalers and industrial processors account for the largest share of the material supplied and processed by C.HAFNER. The top 20 suppliers from these sectors are identified based on material volumes supplied. They are audited on a yearly basis.

C.HAFNER's **material risk identification** is part of our transaction monitoring and on-site visits scheme. Before physical transactions are allowed, the customer database must be activated in our ERP system. The prerequisite for this is complete KYC documentation. In the case of suppliers from the sector of buyers (B2C), wholesalers (B2B) and industrial processors, a double-checked on-site visit form is an integral part of the required KYC. First, the supervisor of the auditor checks for completeness; Second, the Compliance Officer reviews the audit and releases it to Debtor Management for completion of KYC. Usually, audits are conducted by account managers

from the sales team. In special cases, C.HAFNER will also rely on a third party for supplier audits. In this case we would assign an external consultant company experienced in risks associated with the precious metals sector. For instance, a third-party audit could be triggered in case of a suspicion of fraudulent business activities. The suspicion may occur during transaction monitoring.

Visits are an integral part of our due diligence process, regardless of the risk classification. Due to long-lasting business relationships with market share leaders in their geographical settings, the list of the top suppliers won't change. Eventually there might be a change in order from year to year or a new entry from time to time. In the case of a new entry, the supplier will have an on-site visit in the following year, in addition to the initial on-boarding audit. All other precious metals supplying counterparties are checked annually to see whether their last audit was four (4) years ago or longer. If so, the respective account manager will be notified by our Debt Management team to carry out an on-site visit. If the visit doesn't take place, customers are blocked in the ERP system and transactions are disabled and deliveries cannot be booked.

In 2024, C.HAFNER staff conducted **129 on-site visits** to precious metals supplying counterparties. The staff conducting the on-site visits are required to fill out an on-site visit form, which was initially developed based on LBMA's 'Site Visit Form Recycled Material' but tailored to accurately reflect C.HAFNER's specific business relationships and supply chains. The on-site visits support our KYC procedures, ensure transparent and responsible supply chains. Also, the on-site visits help our suppliers better understand what we expect from them, particularly in relation to responsible business conduct. Ongoing development and update of the on-site visit form is based on the company's experience in the sector and consultation of LBMA's 'Site Visit Form Recycled Material'. The form contains general information on the business partner, i.e. business address, year of incorporation, ownership, number of employees, general information on business activities and description of visited facilities, but also (non-exhaustive list):

- Description of security standards
- Description of utilized equipment and devices for precious metals
- Information on handled precious metal volumes
- Information on profiles of the supplier's customer structure
- Information on AML policy and cash payments
- Information on supply chain policy
- Information on the traceability of the counterparties supply chains

2.2 How does the Refiner classify identified risks in light of the standards of its due diligence system?

Prior to beginning a business relationship with a precious metal supplying counterparty C. HAFNER performs supply chain due diligence and collects KYC information in line with measures required by the LBMA RGG and OECD guidance concerning recycled material.

In relation to **zero-tolerance risks**, C.HAFNER has defined:

- The material delivered for refining has been obviously acquired in violation of internationally applicable sanctions (including, but not limited to, those of the UN, the EU, the UK and the USA).
- The counterparty supplying material for recycling, other known upstream companies or their economic operators are known money launderers, fraudsters or terrorists.
- The counterparty supplying recycled gold, other known upstream companies or their UBOs have been involved in serious human rights abuses or in directly or indirectly supporting illegitimate non-state armed groups.

C.HAFNER's has defined the following criteria for **high-risk** supply chains:

- Material delivered for refining originates from, has transited or has been transported via a CAHRA, defined as per EU-CAHRA list.
- Material is claimed to originate from a country through which gold from CAHRAs is known, or reasonably suspected, to transit, and/or is unjustifiably claimed to have originated from a country that has limited exports of gold.
- The business partner, the beneficial owner or persons in companies associated with the organization are Politically Exposed Persons and/or are involved in business activities aimed at gambling, prostitution, illegal arms trading, supporting cults, etc.
- Material delivered for refining is from an Intermediate Refinery or trader with a high-risk supply chain or a trading counterparty sourcing from an Intermediate Refinery with a high-risk supply chain.

If **zero-tolerance** risks or **high-risks** listed further above are identified during the initial KYC process the supplier will not be accepted, and business relationship won't be established. In case we identify defined **zero-tolerance risks** or **high-risks** in existing business relationships C.HAFNER's Due Diligence Board will investigate inconsistencies and conduct enhanced due diligence (EDD). Our EDD consists of:

- Substantiating KYC documentation collected during establishment of business relationship.
This includes verification of company information (i.e. business registration, IDs of authorized people, data of UBOs) for accuracy and actuality.
- Investigating specific findings and/or grievances.
- Carrying out extraordinary on-site visits, conducted by our sales team eventually accompanied by third parties.

If the inconsistency cannot be clarified and/or the suspicion is substantiated, the business relationship is suspended in the case of **zero-tolerance risks**. In the case of substantiated **high risks**, our due diligence process requires the implementation of measures for improvement together with a timeline which will be agreed upon with the supplying counterparty. This also includes shortening the intervals for the next audit. We did not identify any zero-tolerance risks during the reporting period.

Transactions for recycled material as well as counterparty information are monitored by sales representatives, controlling department, AML Officer (CFO) and if required the Compliance Officer. Additionally, C. HAFNER's monitoring of transactions and precious metal supplying counterparties is supported by soft criteria and indicators, which are checked on a regular basis.

The following non-exhaustive list names striking criteria which will alert C. HAFNER Due Diligence Board and will trigger requests for additional information, i.e. Enhanced Due Diligence, under participation of the Compliance Officer or another member of the Diligence Board:

- The supplier offers quantities that are unusual for the size of the business and/or experience in the industry (especially for newly registered/founded organizations).
- Fluctuating delivery volumes ("sometimes a lot, then a little") or a sharp increase in business.
- The supplier accepts conditions that are below the usual market prices.
- Identified unusual constellations between the corporate purpose of the customer/supplier and the business activity carried out.
- The supplier's business premises are uncommon - for example, they do not have adequate storage facilities and/or security measures.
- The supplier draws attention, due to frequent bank changes.

2.3. Has the refiner undertaken EDD measures for identified high-risk supply chains?

In reporting year 2024 we have identified two high-risk supply chains prior to commencing of a business relationship, during the KYC process.

- In January 2024, our Sales Team received an offer for the delivery of a considerable amount of approx. 25kg of material containing gold and silver in the form of pre-melted bars. The offer for a one-off transaction came from a previously unknown Finnish company and was rejected after consultation with the Compliance Officer.
The high-risks identified was that the offer came out-of-nowhere (no previous business relationship) from an unknown company in Finland (unknown supplier) with the request for a short-term delivery within one day (urgency of the business with supposedly large quantities of precious metals), plus DAP (delivered at place) to our HQ by the supplier himself.
- In March 2024, the Compliance Officer and one employee from the Sales Team have engaged in several rounds of clarification of a Belgian counterparty's facility address that did not match the data initially provided. The suspicion was raised due to unclear business registration documents in combination with the continuation of a long-lasting family business at new premises and with extended business purpose. Extensive clarification conversation brought clarity about the proposed scope of business and supplier on-boarding was initialized. However, transactions did not take place up to the date of preparation of this report.

High-risk supply chains identified during embarking of new precious metals supplying counterparties are eliminated. These are principally excluded. The company doesn't pursue a de-risking sourcing policy but considers the complexity of supply chains and origin of material from opaque (niche) sectors and/or regions, see CAHRA.

Furthermore, C.HAFNER does not source material from intermediate refiners.

Step 3: Design and implement a management strategy to respond to identified risks

Compliance statement with requirement:

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

Does the Refiner have a process to respond to the identified risks by either (i) mitigating the risk while continuing to trade, (ii) mitigating the risk while suspending trade or (iii) disengagement from the risk?

YES, C. HAFNER has devised a strategy for risk management of identified risks.

To evaluate and respond to identified risks in Step 2 and to prevent or mitigate adverse impacts C.HAFNER has devised a strategy for risk management, which requires applying (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk in cases where a risk identified corresponds with those listed in **Step 3** of the LBMA RGG. Currently, C. HAFNER suspends all further trade with the supplier if the suspicion cannot be clarified despite enhanced due diligence measures described in 2.2. If a suspicion cannot be confirmed or invalidated, C. HAFNER's due diligence system requires the business relationship to be suspended indefinitely, alternatively until the time of clarification of any ambiguities. The ERP system is designed to prevent the acceptance of material from counterparties that have been suspended or have their account terminated. The procedure prohibits booking of transactions with the counterparty.

C.HAFNER's management system for identified risks includes the **termination of a business relationship**, in the case of:

- Human rights and working rights abuses
- Money laundering
- Terrorist financing
- Fraudulent misrepresentation of the origin of minerals
- Direct or indirect support to illegitimate non-state armed groups

We will **suspend business relationship**, if we have reason to believe there is a founded suspicion of:

- Human rights and working rights abuses
- Money laundering
- Terrorist financing
- Fraudulent misrepresentation of the origin of minerals
- Direct or indirect support to illegitimate non-state armed groups
- Credible reports about serious ESG impacts

C.HAFNER will evaluate a **continuation of the business relationship** with an improvement plan, if our due diligence gives reason to believe there are material breaches of environmental, health, safety, labour and community-related local legislation, and/or ESG risks that have the high likelihood to result in highly adverse impacts. After an agreed timeline for improvement has passed, Due Diligence Board or Compliance Officer will check for effectiveness of measures and Due Diligence Board will agree on next steps. These will also be reported to CEO.

The Debtor Management Department is responsible for the operational part of on-boarding, including creation and maintaining of customer data base of supplying counterparties. If a counterparty is assessed as high risk, the Debtor Management Department informs the AML Manager and/or Compliance Officer. Once Due Diligence Board have a consensus on the management strategy of the identified risks / suspicions, the Compliance Officer will inform the CEO. In general, CEO has the decision-making authority to approve continuation of business relationship, but CEO will NOT use this to approve continuation of relationship, if high risks such as those listed further above were identified.

C. HAFNER continuously monitors counterparties and incoming material. A change of circumstance/s related to transportation, type of material, origin or counterparty's general situation (e.g. beneficial owner, PEP, country ratings, scope of business or other red flags named in the OECD Guidance) may trigger a reassessment of risk/s. The decision of whether to implement a risk mitigation strategy or to continue the business relationship is made by the CEO in consultancy with the Compliance Officer and Due Diligence Board.

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.

C. HAFNER has engaged the services of KPMG Cert GmbH Umweltgutachterorganisation to perform third party audit of our supply chain due diligence systems and processes. KPMG Cert GmbH is listed as an approved service provider by LBMA. In accordance with C.HAFNER's previous third-party audit results, KPMG conducts the audit with the required level of assurance. C.HAFNER is aware of its duties in preparation for the audit, hence assurance deliverables were submitted on time.

Step 5: Report annually on supply chain due diligence

Compliance statement with requirement:

We have fully complied with Step 5: Report on supply chain due diligence.

C. HAFNER's Compliance Report for financial year (FY) 2024 has been prepared in accordance with LBMA Responsible Gold Guidance version 9 **Step 5**, providing details of the company's supply chain due diligence policies, management systems and risk-assessment processes. The Compliance Report, the Independent Assurance Report, as well as our Supply Chain Policy and Corporate Policy, are available on the [Responsibility](#) section on our homepage. The reports are also available at LBMA's [Good Delivery List](#).

Management conclusion

Is the Refiner in compliance with the requirements of the LBMA Responsible Gold Guidance for the reporting period?

YES. C. HAFNER complies with the requirements of the LBMA Responsible Gold Guidance for the reporting period.

C. HAFNER has implemented an effective supply chain due diligence management system supported by other certified management systems including RJC Code of Practices and Chain of Custody, DIN EN ISO 9001, DIN EN ISO 13485, DIN EN ISO 17025 and Medical Devices Directive (93/42/EWG).

C. HAFNER's procedures, internal process instructions and practices are designed to achieve compliance with the requirements of the LBMA RGG Version 9.

This report is C. HAFNER's Refiner Compliance Report for the FY 2024. The CEO, the Due Diligence Board and the Compliance Officer approve this report for publishing.

Report comments

Any reader of this report wishing to provide any feedback to C. HAFNER, please feel free to contact C. HAFNER at info@c-hafner.de and/or sustainability@c-hafner.de.

*** End of report ***