

# Independent Assurance Report (Limited Assurance Engagement) on the LBMA Refiner's Compliance Report of Doduco Contacts and Refining GmbH for reporting year 2023

To the Management of Doduco Contacts and Refining GmbH, Pforzheim

KPMG Cert GmbH Umweltgutachterorganisation, Cologne, ("KPMG" or "we") has been engaged with letter dated 12 January 2023 to carry out a limited assurance engagement on the LBMA Refiner's Compliance Report of Doduco Contacts and Refining GmbH, Pforzheim, (further "Company") for the year ended 31 December 2023. The Refiner's Compliance Report is based on the criteria described in the LBMA Responsible Silver Guidance, published by the London Bullion Market Association ("LBMA"), available at [www.lbma.org.uk](http://www.lbma.org.uk).

## Doduco Contacts and Refining GmbH's Responsibilities

The legal representatives of Doduco Contacts and Refining GmbH are responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the LBMA Responsible Silver Guidance. 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 2023 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 Silver 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 Doduco Contacts and Refining 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;
- 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 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**

We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the IDW Standard on Quality Management: 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 Doduco Contacts and Refining GmbH for the period from 1 January to 31 December 2023 has not been prepared, in all material respects, in accordance with the requirements of the LBMA Responsible Silver Guidance.

## Restriction on use/limited liability

This assurance report is addressed solely to Doduco Contacts and Refining GmbH, in accordance with the terms of our engagement contract. Those terms permit disclosure to other parties solely for the purpose of Doduco Contacts and Refining GmbH showing that it has obtained an independent assurance report in connection with Doduco Contacts and Refining GmbH'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 Doduco Contacts and Refining GmbH. We have carried out our engagement on the basis of the Engagement Terms included in our engagement letter dated 12 January 2023. 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 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, 27 March 2024

KPMG Cert GmbH  
Umweltgutachterorganisation



Gerd Krause  
27.03.2024

Krause  
Managing Director



Martin Reith, Manager  
27.03.2024

ppa. Reith  
Manager

## Appendix

Refiner's Compliance Report



# **Appendix**

## **Refiner's Compliance Report**





## Refiner's Silver Compliance Report 2023

The LBMA has developed the Responsible Sourcing Programme and the Responsible Silver Guidance (RSG V2 2023) for Good Delivery Refiners such as Doduco Contacts and Refining GmbH. The RSG requires Good Delivery Refiners to adopt high standards of due diligence to help identify and prevent money laundering, systematic or widespread abuses of human rights, terrorist financing and contribution of conflicts in the refiner's supply chain.

This report demonstrates how Doduco Contacts and Refining GmbH complies with the requirements of the LBMA Responsible Silver Guidance.

### Refiner's details

Refiner's name	Doduco Contacts and Refining GmbH
Location	Im Altgefäll 12, 75181 Pforzheim, Germany
Reporting year	01.01.2023 – 31.12.2023
Senior Management responsible for this report	Dr. Timo Mützel Managing Director

Doduco Contacts and Refining GmbH (in the following referred to as "Doduco") is one of the global leaders in electrical contacts. Our business segments include contact materials, semi-finished products, contact parts as well as precious metal recycling and silver powders. The customers mainly operating in the electrical, electronic and automotive industry.

The company was established in 1922.

## **Step 1: Establish strong company management systems**

### Declaration of compliance with Guidance:

We have fully complied with step 1: Establish a strong management system.

### **1. Adopt a company policy regarding due diligence for supply chains of silver.**

#### Declaration of compliance with Guidance:

Doduco has adopted a policy regarding due diligence for supply chains of precious metals.

#### Comments and Demonstration of Compliance:

We follow a silver supply chain policy which is consistent with the model set out in Annex II of the OECD Due Diligence Guidance. The policy is our commitment to implement all relevant regulatory and ethical requirements defined in the German Money Laundering Law, the OECD Guideline as well as the LBMA Responsible Silver Guidelines. The Supply Chain Due Diligence Policy is published (in German and English) on the Doduco homepage at (<https://doduco-contacts.de/compliance/>).

The policy is signed by Senior Management.

### **2. Set up an internal management structure to support supply chain due diligence.**

#### Declaration of compliance with Guidance:

Doduco has set up an internal management structure to support supply chain due diligence.

#### Comments and Demonstration of Compliance:

An internal management system was developed and implemented to meet the requirements to support supply chain due diligence at Doduco. The management system includes guidelines, processes and standardised forms for risk identification, client acceptance, monitoring of suppliers and checking of incoming materials. In addition, the internal management system defines governance roles and responsibilities, internal audit, trainings and communications for SAXONIA group. The Group Compliance Officer has been assigned to manage and monitor supply chain due diligence and the KYC process for the entire SAXONIA group. The Group Compliance Officer reports directly to the managing director of SAXONIA Holding GmbH. To strengthen the KYC process and continuous monitoring of suppliers the position client onboarding function (COF) was established at the compliance department at SAXONIA Holding GmbH. Doduco aims to achieve continuous improvement throughout the management system and its processes.



### **3. Established a strong internal system of due diligence, controls and transparency over silver supply chains, including traceability and identification of other supply chain actors.**

#### Declaration of compliance with Guidance:

Doduco has established a strong internal system of due diligence, controls and transparency over precious metal supply chain, including traceability and identification of other supply chain actors.

#### Comments and Demonstration of Compliance:

Supply chain traceability and documentation:

Doduco has a precious metal acceptance process. Materials bearing precious metals delivered for refining, can only be accepted if a completed form is provided. The form is filled in by the supplier. It requires the supplier to include the supplier's name, weight of material delivered, the type of material, the (expected) material composition and the material's origin. The information provided is reviewed for consistency. In the following a unique reference number is given to the specific lot and the information is entered in the ERP system. Finally, the supplier receives a confirmation of receipt showing the unique reference number for the specific lot. This number is used for any further communication regarding the lot.

Training:

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

Payments are exclusively conducted via official banking channels.

Doduco does not consent to cash transactions.

Doduco fully and transparently cooperates with government authorities. In 2023 no anti-money laundering (AML) relevant transactions had to be reported.

### **4. Strengthen company engagement with silver supplying counterparties and, where possible, assist silver supplying counterparties in building due diligence capabilities.**

#### Declaration of compliance with Guidance:

Doduco has strengthened company engagement with silver supplying counterparties, and where possible, assisted supplying counterparties in building due diligence capabilities.

#### Comments and Demonstration of Compliance:

To strengthen company engagement with precious metal supplying counterparties, Doduco requests on a yearly basis all suppliers in writing to commit the understanding and adhering to the SAXONIA Group Supply Chain Policy with each delivery. All new suppliers are provided with SAXONIA Group Supply Chain Policy together with the KYC forms prior to the beginning of the business relationship. New customers confirm the acceptance and adherence to the Supply Chain Policy by signing the KYC forms legally binding. For delivery of material

customers must fill in a form and confirm the acceptance and adherence of the Supply Chain Policy for this delivery by signing it. The form is available on SAXONIA homepage.

## **5. Establish a confidential grievance mechanism**

### Declaration of compliance with Guidance:

SAXONIA group has established a whistleblowing contact desk available for any employee or external stakeholder accompanied with a policy providing confidential treatment and adequate protective measures.

### Comments and Demonstration of Compliance:

SAXONIA Group Supply Chain Policy names a functional email address (compliance@saxonia.de) and the phone number of the Group Compliance Officer for internal and external stakeholders to get in contact for any reason related to supply chain due diligence. We also highlighted the Compliance Whistleblowing Hotline with a separate document to encourage all stakeholders to support us in our endeavours by disclosing any relevant information. During the annual trainings, employees are encouraged and trained to participate in risk identification and management systems as well as communicating potential or actual risks internally to the Group Compliance Officer.

## **Step 2: Identify and assess supply chain risks**

### Declaration of compliance with Guidance:

We have fully complied with step 2: Identify and assess supply chain risks.

## **1. Conduct due diligence to identify potential risks in the silver supply chain**

### Declaration of compliance with Guidance:

Doduco has a process to identify risks in the supply chain.

### Comments and Demonstration of Compliance:

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

1. Doduco identifies and assesses precious metals supplier's risk during the collection of KYC information and client onboarding process. The criteria applied within the scope of the country risk assessment are based on the risks defined in the RSG Step 2 Section 1. The minimum information required for completing supplier due diligence is defined in the RSG Step 2 Section 2. as well as the German Money Laundering Law. During the client onboarding process, precious metal suppliers are subject to a risk assessment and rated according to their risk profile (high, medium, low).
2. Doduco monitors incoming transactions as well as the precious metals suppliers. Doduco uses a specific form as explained in Step 1.3. for the delivery of material containing precious metals. Red flags resulting in re-assessments of the supplier's risk profile may be identified by, for example:
  - material delivered does not correspond to supplier's business,

- information collected from supplier visits or
- due to information retrieved from compliance tool (external database monitoring suppliers and informing Doduco about changes).

Doduco is monitoring transactions by applying a risk-based approach. Considering this, the following information is obtained and documented for each lot of recycled silver received:

- estimated weight (from counterparty),
- shipping/ transportation documents (waybill/ airway bill, pro-forma invoice, if applicable),
- export and import form for high-risk transaction, if applicable.

In this context Doduco verifies that the documents and materials are consistent with each other and with its knowledge of the supply chain based on the due diligence performed. Same applies to the verification that the shipment received is in conformance with the shipping/ transportation documents. For any transactions which are not consistent or are in any way suspicious the background is examined and findings are reported in writing to the Group Compliance Officer.

In this case the silver is physically segregated and secured until the inconsistencies are resolved. If applicable the findings are reported to the appropriate authorities.

Doduco does not accept lots of mined silver.

## **2. Classify supply chains based on risk profiles.**

### Declaration of compliance with Guidance:

Doduco has classified the supply chain based on risk profiles.

### Comments and Demonstration of Compliance:

Before entering the business relationship with Doduco new suppliers are risk evaluated and classified based on the evaluated risk. Criteria to identify high-risk suppliers are established.

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

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

SAXONIA group has a dedicated client onboarding function (COF) at SAXONIA Holding GmbH. COF is responsible for obtaining and verifying KYC information given by suppliers and providing an initial risk rating. All new suppliers' KYC dossiers are completed prior to the beginning of the business relationship. For existing suppliers, a risk-based approach based on country of incorporation has been developed to complete the KYC dossiers.

### **3. Undertake Enhanced Due Diligence (EDD) measures for high-risk supply chains**

#### Declaration of compliance with Guidance:

Identified high-risk supply chains need approval from the Senior Management, which also decides and approves appropriate EDD measures.

#### Comments and Demonstration of Compliance:

Senior Management has ultimate control and responsibility for the precious metal supply chain. The Managing Director, COF and the Key-account Manager approve new precious metal suppliers. High-risk precious metal suppliers require appropriate EDD and additional approval of SAXONIA Group Managing Director. High risk customers are reviewed and approved by the Managing Director on entity and group level as well as the Group Compliance Officer on a yearly basis.

<b>Step 3: Design and implement a management strategy to respond to identified risks</b>
--

#### Declaration of compliance with Guidance:

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

### **1. Devise a risk management strategy for the identified risk**

#### Declaration of compliance with Guidance:

Doduco operates a risk management system that ensures measures adapted to the risk.

#### Comments and Demonstration of Compliance:

Doduco recognizes that supply chain risk may be identified by various departments, including compliance, material acceptance area, sales or metal management. Therefore, trainings have been provided to support risk identification and communication. Internal procedures require employees who identify a risk to report directly to the Group Compliance Officer and Senior Management. Senior Management supported by the Group Compliance Officer decides on a case-by-case basis whether adequate measures are effective for the continuation of the relationship in an environment with high-risk potential or whether the relationship needs to be suspended or terminated.

## **2. Monitor the improvement plan**

### Declaration of compliance with Guidance:

Doduco maintains a strategy of risk mitigation, monitoring of performance, periodic reassessment of risk and reporting to Senior Management.

### Comments and Demonstration of Compliance:

Depending on the risk mitigation strategy implemented and the risk identified, specific measures are defined by Senior Management and the Group Compliance Officer. The compliance department monitors the effectiveness of the measures taken and reports the status and effectiveness to the Group Compliance Officer and Senior Management.

## **3. Report findings to the Senior Management**

### Declaration of compliance with Guidance:

Doduco reports findings to designated Senior Management.

### Comments and Demonstration of Compliance:

Risk assessment and risk relevant documentation of all contributors to the SAXONIA silver supply chain is centralised in the SAXONIA Holding and under direct control of the SAXONIA Holding Senior Management.

## **4. Continuously monitor adequacy of risk management strategies**

### Declaration of compliance with Guidance:

The risk management strategies of Doduco as part of the SAXONIA group are continuously monitored for adequacy.

### Comments and Demonstration of Compliance:

SAXONIA group reviews and, if needed, adjusts at least annually all essential elements of the risk management system.

<b>Step 4: Arrange for an independent third-party audit of the supply chain due diligence.</b>
--

### Declaration of compliance with Guidance:

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

### Comments and Demonstration of Compliance:

Doduco engaged the service of LBMA approved assurance provider KPMG Cert GmbH Umweltgutachterorganisation to perform an audit covering Silver for 2023.

The on-site audit took place in February 2024. The next on-site audit is scheduled for February 2025.

## Step 5: Report on supply chain due diligence

### Declaration of compliance with Guidance:

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

### Comments and Demonstration of Compliance:

The Supply Chain Due Diligence Policy is available on our company website. The Doduco Refiner's Silver Compliance Report for reporting year 2023 is available on our company website (<https://doduco-contacts.de/>) as well as on the LBMA Good Delivery List for Silver Refiners. (<http://www.lbma.org.uk/good-delivery-list-refiners-silver-current>)

## Management conclusion

Doduco has implemented effective management systems, procedures, processes and practices to comply with the requirements of the LBMA Responsible Silver Guidance, as explained in Step 1, for the reporting year ended 31 December 2023.

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

If users of this report like to provide any feedback to SAXONIA group with respect to this report, they may contact group compliance at [compliance@saxonia.de](mailto:compliance@saxonia.de).

Pforzheim, 26.02.2024



Dr. Timo Mützel  
Managing Director  
Doduco Contacts and Refining GmbH



Stefan Eitze  
Group Compliance Officer  
SAXONIA Holding GmbH