

**PX Précinox SA
La Chaux-de-Fonds (Switzerland)**

**Independent Reasonable Assurance Report
LBMA Responsible Gold Guidance**

For the year ended 31 December 2022

Independent Reasonable Assurance Report to the Board of Directors of PX Précinox SA, La Chaux-de-Fonds, Switzerland

We were engaged by PX Précinox SA to provide reasonable assurance on its Refiner's Compliance Report for the year ended 31 December 2022.

The assurance scope consists of the Refiner's Compliance Report and the Country of Origin Annex.

Responsibilities

The Board of Directors of PX Précinox SA is responsible for the preparation and presentation of the Refiner's Compliance Report and the Country of Origin Annex in accordance with the *LBMA Responsible Gold Guidance* (the Guidance). This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the directors as relevant for demonstrating compliance with the *Guidance* are the activities described within the Refiner's Compliance Report. Our responsibility is to carry out a reasonable assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance *ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board and the guidance set out in the *LBMA Responsible Gold Programme – Third Party Audit Guidance for ISAE 3000 Auditors (the Audit Guidance)*.

This report and its annex have been prepared for PX Précinox SA for the purpose of assisting the Board of Directors in determining whether PX Précinox SA has complied with the Guidance and for no other purpose. Our assurance report is made solely to PX Précinox SA in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than PX Précinox SA for our work, or for the conclusions we have reached in the assurance report.

Inherent limitations

Non-financial information, such as that included in the Refiner's Compliance Report and the Country of Origin Annex, is subject to more inherent limitations than financial information, given to more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by Refiners to comply with the Guidance may differ. It is important to read the PX Précinox SA's precious metal supply chain policy available on PX Précinox SA's website www.pxgroup.com.

Independence and competency statement

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by International Ethics Standards Board for Accountants.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the *Audit Guidance* to carry out the assurance engagement.

Emphasis of matter paragraph

We draw attention to the fact that the Country of Origin Annex is not publicly available.

Conclusion

In our opinion, the PX Précinox SA's Compliance Report and the Country of Origin Annex for the year ended 31 December 2022, in all material respects, describe fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein, is in accordance with the requirements of the *LBMA Responsible Gold Guidance*.

MAZARS Ltd



Franck Paucod
Licensed Audit Expert
(Auditor in Charge)



Aude Vatrej
Licensed Audit Expert

Geneva, March 30, 2023

Enclosures

- PX Précinox SA's Compliance Report 2022

Copy to London Bullion Market Association

PX Précinox S.A. LBMA Compliance Report

Introduction

PX Précinox S.A. (hereinafter “PX Précinox”) provides a complete range of services in precious metals covering the highest quality refining, full traceability, world-renowned metallurgical expertise, and delivery of semi-finished products in an exclusive quality.

Since 1976, we have developed more than 600 precious metals alloys and 12,000 different products and components. We support our customers in their leading-edge developments through our vast experience and synergies we have with all entities of PX Group.

Since 2017, the PX Impact® initiative, which consists of working directly with a processing plant that processes the ore delivered by the miners, has been recognized as a good alternative for all stakeholders wishing to commit to transparent and traceable ASM while generating a significant impact for the local population.

The PX Impact® initiative aims also to align with the Minamata convention's objectives of reducing the use of mercury and its impact on the environment and human health.

All our alloys and products can also be offered as PX Impact® gold alloys and products.

PX Précinox is committed to sustainable development by placing environmental, societal and good governance aspects at the heart of its strategy. For several years, the company has been involved in the development of measures to achieve these objectives. Concerned about the origin of its raw material, the company is engaged in responsible and transparent gold mining for all stakeholders and works daily to reduce its ecological footprint. In addition, PX is dedicated to ensuring that all of its sources of supply are ethical, legitimate, do not come from conflict or high-risk areas or from countries with known limited reserves and respect human rights. Since a few years, it is evident that these objectives are perfectly aligned with the needs of customers: the main actors in the watch industry, to name but a few, are now actively committed to reducing their ecological and societal impact. A clear trend that can only intensify in the years to come. "Our actions today will be judged by future generations" (Christophe Nicolet, Managing Director PX Précinox SA).

Table 1: Company's details

Company name	PX Précinox S.A.
Location	Boulevard des Eplatures 42, 2300 La Chaux-de-Fonds, Switzerland
Reporting period	January 1 st 2022 to 31 December 2022
Precious metals in the scope of the LBMA Responsible sourcing audit	Gold
Date of Report	March 27, 2023
Senior Management responsible for this report	Christophe Nicolet, Director

This report summarizes how PX Précinox has complied with the requirements of the LBMA Responsible Gold Guidance during the year 2022.

Table 2: Summary of activities undertaken to demonstrate compliance

Step 1: Company Management Systems

Compliance Statement with Requirement:

PX Précinox has fully complied with Step 1.

1.1. PX Précinox has adopted a supply chain policy regarding due diligence for supply chain of gold.

Comments and Demonstration of Compliance:

PX Précinox is considered as a Financial Intermediary according to the Swiss legislation. Therefore, PX Précinox has the obligation to follow the legislation regarding Anti-Money Laundering and Combating the Financing of Terrorism (AML / CFT) and to control the legal risks and reputation of its activity.

PX Précinox has adopted a policy with the Model Policy set forth in Annex II of the OECD (third edition, 2016). The model Supply Chain for Responsible Chains of Minerals from Conflict-Affected and High-Risk Areas. Our policy is available on our website <http://www.pxgroup.com/fr/pxprecinox> and has been approved by Senior management.

Moreover, PX Précinox is certified by the Responsible Jewellery Council (RJC) for the full compliance with the Code of practice (“CoP”) and the chain of custody (“CoC”). PX Précinox is also certified by the Alliance for Responsible Mining (“ARM”) to buy and sell Fairmined gold and silver. Therefore, PX Précinox is in compliance with all these standards.

In order to meet the Swiss laws and the standards, PX Précinox implemented legal and compliance requirements and internal policies.

In that respect, PX Précinox must go through procedures such as a KYC procedure, when opening and renewing a business relationship.

1.2. PX Précinox set up internal management structure to support supply chain due diligence

Comments and Demonstration of Compliance:

The documentation was recently updated to fit to the internal quality management system.

The due diligence process is structure on internal work instruction with the following references “MAN-120-PR-03-Approvisionnement Responsable: procedure LBA-v3” available in French only.

Senior management has allocated internal resources to collect, maintain and assess documentation regarding the source of material.

The internal structure is allowed to perform any needed investigation in order to ensure that material is not linked to conflict or terrorism financing, money laundering or human right abuse.

Internal management structure is under the senior management responsibility.

A specific chart describes the organization. Tasks as Administration, Training, Traceability and Monitoring are assigned by job description.

Standards and instructions are described in documents controlled by our management system. Internal training is dispensed to all relevant employees in contact with counterparty.

The effectiveness and performance of the supply chain due diligence process is assessed by external audits.

PX Précinox organizes regular meetings with his own committee AML/LBMA. The members of the committee are in charge to solve AML/LBMA issue. It could be improvement on is management system or monitoring is action plan.

Through an annual review, Senior management controls the availability of resources necessary to support the completion of the mission and monitoring.

PX Précinox has created an internal organization: the responsible sourcing committee ("RS Committee") which is in place to pursue its various AML and LBMA obligations.

The RS Committee meets regularly in relation to responsible sourcing. The members of the RS committee (9) follow annual trainings. During the reporting period 2022, one training course was attended by all members.

PX Précinox excludes all cash transactions with counterparts. We also integrate the notion of payment to the right person. Insofar as any restitution must be made to the account of the counterparty that originated the order.

The senior management confirms that no breach in the due diligence process has occurred.

1.3. PX Précinox has established a traceability system over gold supply chain, including chain of custody mapping and identification of supply chain actors

Comments and Demonstration of Compliance:

Supply Chain traceability system

All counterparties (customers, suppliers, beneficial owner...) are registered in our ERP system. For each of them we maintain due diligence records. Every material incoming PX Précinox is identified by a unique batch number from the reception area to the assaying. All the relevant information is recorded in our ERP like origin, beneficial owner, nature, date, amount, and other documents useful to have a full traceability.

Maintaining records

All transactions records are maintained for at least ten (10) years. Due diligence documents are kept for at least ten (10) years after the end of the business relationship.

We are also recording with internal forms of identification of the beneficial owner, geolocation, origin of scrap, and risk assessment and clarification if needs of the business relationship.

Training

Training is performed on yearly basis for Due diligence and responsible activities. Employees who take part in due diligence process or are in contact with customer are regularly trained by the different members of the AML /LBMA committee. We also perform online training since professional training centers provide courses. Every year we participate to the annual training of the Suisse refiner association (ASFCMP).

Compliance officer

The Compliance officer (Senior Legal & Compliance Manager) was nominated by senior management and recently we also extended the team of our Legal & Compliance department to fulfill our obligations. The Compliance officer is in charge to ensure the compliance monitoring.

The Legal & Compliance department is in charge of the deployment of PX Précinox' Due diligence internal rules. This deployment is made through internal quality management standards and deployed with specific tasks and work instructions, trainings, controls and audits. The Compliance officer executes risk assessment and asks for clarification if needed. The Compliance officer reports to senior management high risk cases and proposes additional measures to mitigate the risk. He facilitates internal and external inspections and ensures the consistency of management system regarding external standards.

Payment through official banking channel

No cash payment is allowed. Payments are only realized by Wire transfers according to internal rules.

It is forbidden for all people working within PX Précinox to accept or to receive deposit or payment of assets which they know or suspect or must presume to come from a crime, even if it was committed abroad.

The negligent acceptance of assets resulting from a crime will be considered as a fault. PX Précinox S.A. will sanction and prosecute the perpetrator of the negligence.

Cooperation with government authorities

PX Précinox is under the surveillance of the Swiss authority for banking and market regulation. Every year the company is audited and demonstrates its ability to perform efficient due diligence process, monitoring and keeping of records. PX Précinox is obliged to denounce to the MROS the Swiss authority in case of any doubt regarding money laundering, financing of terrorism or human right abuse.

In the meantime, all transactions are placed under the supervision of the AML manager who must ensure:

1. full traceability of transactions
2. permanent communications to MROS in the event of a significant withdrawal or a desire to sever the business relationship.

1.4. PX Précinox is strongly engaged in promotion of ethical practice and assists counterparties where possible in building their due diligence capacities

PX Précinox promotes ethical sourcing by its own program named PX Impact®. In contact with our counterparty, we assist them to ensure a reliable control of the supply chain. PX Impact® standard aims to set forth criterion and levels for each of the steps involved in the gold supply chain including the selection of the mineral sources, the extraction process until the management of the PX Impact® fund to finance support programs for artisanal mining communities.

PX Impact® standard target:

- to provide transparent and clear information for any stakeholder interested in buying precious metals
- to ensure that sourcing respect the principles set here after to be a basis for improvement of accuracy, efficiency and support to local community

1.5. PX Précinox has established a company-wide confidential grievance mechanism

PX Précinox has established a company-wide internal and external communication mechanism.

For employee who wants to communicate a doubt about money laundering, bribery or any concerns about the respect of responsible supply chain policy can voice is concern by direct contact with

compliance officer or operational management or human resources management. All information is treated by senior management. Internal communication mechanisms are managed by the Employee's Code of Conduct and Ethics.

For external Stakeholder, PX Précinox has set up the following e-mail address: compliance@pxgroup.com allowing any stakeholders to anonymously voice concerns regarding PX Précinox's supply chain and risks. If anyone knows or has a genuine suspicion of a violation, is aware of a situation that he or she believes may be illegal or unethical, he or she should speak up and report the violation by contacting the Legal and Compliance Department or send an email to: compliance@pxgroup.com. The Compliance Officer is responsible for handling all external supply chain and risk communications and keeps management informed of any new risks identified. Depending on the nature of the complaint, management will carry out an action plan to obtain the best solution quickly.

During the audit period, no communication was made through this channel.

Step 2: Risk identification and assessment

PX Précinox has fully complied with Step 2: Risk identification and assessment.

2.1. PX Précinox has a due diligence process to identify risks in the supply chain

In accordance with Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, PX Précinox set an identification mechanism of risk in the supply chain. Elements assessed contain but are not limited to: location, legal status, activity, beneficial owner status, compliance with local regulations or international certification. Transactions are categorized according to their nature and for each of them a control plan is applied for verification of origin, beneficial owner, nature, volume, and other information that may occur in specific transactions.

PX Précinox has established new KYC forms to comply with the various applicable laws, regulations and standards. These forms are used as of now for any new opening as well as the renewals, until the total renewal of the files of its active counterparties. Any opening or renewal is managed by the legal and compliance department which applies the latest laws and rules in force. Once the client file is opened or renewed, an internal communication is established to inform about the latest changes in the file of our counterparty.

2.2. PX Précinox assesses risks in light of the standards of its due diligence system

Supply chain Due diligence

Before opening a new commercial relationship, PX Précinox identifies the counterparty and its stakeholder using several enquiry documents including LBMA toolkit Questionnaire for sources. Its KYC forms are compliant with Swiss AML law and LBMA Responsible Gold Program.

Recycled Gold

Our sources of recycled Gold are mainly involved in industrial activities. For ones who collect old jewelries, industrial scrap or post-consumer bullion, PX Précinox shares its value, its expectation and control the compliance of counterparty's due diligence process.

Mined Gold from Artisanal and Small-Scale Mining (ASM)

PX Précinox helps Artisanal and Small-Scale Mining (ASM) to access international markets and progress towards responsible sourcing standards. To do so, PX Précinox is an active member of different initiatives:

- As a member of the board of Swiss Better Gold Association (SBGA), a not-for-profit association created by key Swiss players in the gold supply chain together with the Swiss Government (SECO), PX Précinox supports ASM towards responsible mining, and more socially inclusive and better environmental practices.
- As a Fairmined certified refiner, PX Précinox supports responsible mining. PX Précinox is audited by a third party to ensure the traceability from mines to the finished products. PX Précinox supports through this program the sustainable development of artisanal and small-scale mining communities.
- PX Impact® Program, is a private initiative based on the partnership between PX Précinox, Dynacor and several ASM in Peru. The initiative brings together the formalized ASM with Dynacor's ore processor and PX Précinox refiner and jewelry producer. The partnership is the basis of environmental, social and ethical practices that respect the human rights, guaranties full traceability across gold supply chain coming from government registered ASM in Peru and provides direct investment to develop health and education projects to the ASM communities.

For Mined Gold from Medium and Large-Scale Mining

For gold from extraction, due diligence process includes the use of LBMA toolkit questionnaire and check list.

High Risk Supply Chains

PX Précinox has defined in accordance with our Responsible Sourcing policy criteria to determinate high-risk situation in compliance with LBMA Responsible Gold Program.

To ensure the effectiveness of the health and safety management system for PX Impact® Program, a formal risk assessment is conducted and revised on annual basis. This risk shall identify for each workplace or living place, reasonable potential hazard and a prioritizing score. The plan has to summarize appropriate measures taken to minimize or mitigate the risk. The risk assessment shows the risk of occupational disease.

High Risk Categories

For High-Risk categories, several additional investigations are performed like on site audit by a graduated auditor or recognized auditing company. In case of individual person, a face-to-face meeting is organized to evaluate the economic background.

High risk counterparties are considered but not limited to counterparties that operate in or with a conflict-affected and high-risk areas (“CAHRA”) or have a Politically Exposed Person (“PEP”) as a beneficial owner or as a member of the highest governance body of our counterparty.

PX Précinox has got a work instruction with each category evaluate the main risk and how to prevent or mitigate those risks. The document is available on our Quality management system with the below reference: “MAN-120-IT-0302-Matrice des Risques LBA-v2” available in French only. The document is meant to assign a risk to a file based on the situation of our counterparty.

If the due diligence process of the new counterparty does not match to our standard, PX Précinox will reject to enter into a new business relationship.

Recycled Gold from sources located in conflict or human right abuse high-risk areas

Our internal due diligence management process defines the monitoring of political, social or environmental situation in case of counterparty located in high-risk area. For the moment no commercial relationship is open with this category of risk and there is no intention to change this situation

Gold mined from ASM located in conflict or human right abuse high risk areas

Our standard defines the monitoring to perform but no case for the moment and there is no intention to change this situation.

Gold mined from LSM located in conflict affected or human right abuse high risk areas

Our standard defines the monitoring to perform but no case for the moment and there is no intention to change this situation.

All countries listed in Dodd Frank act and under sanctions of Swiss Secretary of Economy are considered as very high risk. No transaction can be done with counterparty from these countries and no material having origin or transiting by these countries can be accepted without the expressed agreement of the Direction of PX Précinox.

Monitoring of transactions

For all transactions, PX Précinox keeps record of all relevant information (customer, beneficial owner, date, delivery document, customs documents...). Nature, origin, assay results, volume... are compared to information communicated at the opening of the commercial relationship. In case of deviation, material is blocked in quarantine until doubt is removed.

Five (5) High-Risk counterparts (because of PEPs, business activity, ...) have sent batches during the audited period, none of the batches presented economical or ethical risks. To prevent risks, Moderate- and High-Risk counterpart's transactions are monitored. Each unusual transaction are blocked and must be manually validated or refused after enhanced verifications by the compliance and legal Department.

PX Précinox has had no counterparts registered on CAHRA areas to this date, including during the audited period.

All suspicious transactions must be clarified. If this cannot be done and the transaction presents a risk of money laundering or terrorist financing, the transaction is blocked, and a report is made to MROS.

2.3. PX Précinox undertakes Enhanced Due Diligence (EDD) for identified high-risk supply chains

Each high-risk counterparty is subject to an on-site visit before the opening or at the latest within twelve (12) months after the opening of the business relationship. This visit is carried out by the Management or is delegated to a non-governmental organization ("NGO") accredited to carry out such visits (audit).

The frequency of the visits is generally annual. However, factors such as those experienced during the pandemic may interfere with the frequency of the audit.

PX Précinox carries out a visit independently of the planned frequency when it considers that the risk assessment requires it.

During the audited period, two (2) visits/audits were carried out.

Visits by external NGOs represent 50%.

PX Précinox has identified the risk that counterparties in the ASM sector do not interact properly with the mining community. PX Précinox has positively impacted this risk not only with its PX Impact standard, but also with the transposition of the processing plant system in other regions to ensure that the mining community is committed to formalizing itself and that processing plants encourage them to do so.

These monitoring visits have helped to establish this pillar in our business relationships with counterparts.

The review of high-risk counterparties is generally annual, but it can be carried out at any time if the situation of the counterparty changes.

Step 3: Risk management

PX Précinox has fully complied with Step 3: Risk management.

The Compliance officer communicates regularly to Senior management and to Board committee about the high-risk supply chains. Moreover, PX Précinox has put in place the “RS Committee” with members from the Board of Director, Senior Management, Compliance officer and members from operational and strategic role in the company. The RS Committee meets several times a year to discuss about the sourcing, the risks and the strategy to adopt.

Senior Management approves commercial relationship with high-risk counterparty and/or high-risk transactions. Senior management approves transactions presenting high-risk level too. Information about a risk of non-compliance with our responsible sourcing policy or regulation is reported to Senior Management.

In case of doubt about money laundering, terrorism financing or human right abuse, Senior Management is involved in communication to the Swiss Federal Bureau of Communication (MROS).

Depending on the result of risk assessment, Compliance Officer in cooperation with Senior Management can decide to reject or to suspend the commercial relationship or close it definitely. This occurs for example when a certified ASM has lost its certification.

PX Précinox SA renews frequently its due diligence files. When a change in counterparty’s situation occurs, a new risk assessment is performed and validated by the Compliance officer and Senior management in case of identified high-risk.

Step 4: Independent Third-Party Assurance

PX Précinox has fully complied with Step 4: Independent Third-Party Assurance.

In order to meet our new requirements, PX Précinox will change its third-party assurance at least every (6) years.

The Board engaged the services of the company MAZARS to conduct this audit, and their report is attached.

Step 5: Report annually on supply chain due diligence

PX Précinox SA has fully complied with Step 5: Report on supply chain due diligence.

PX Précinox SA’s company policy is available on the PX Précinox SA website, together with the Compliance report and the third party audit report. PX is annually audited by an accredited independent audit firm as part of its legal obligations under the certifications to verify the correct exercise of its duty of care and validate its procedures.

Management overall conclusion

PX Précinox is in compliance with all requirements of the LBMA Responsible Gold Guidance version 9 for the reporting period of 2022. We have demonstrated the reliability of our management system, procedures and processes to fit in with requirements.

We have successfully implemented our PX Impact ® standard over the past few years and are proud to contribute responsibly to the ASM sector. PX Précinox's objective is to develop our business in responsible sourcing while ensuring the compliance of the Processing Plants. This with the aim of formalizing more and more miners and creating added value for this community.

PX Précinox's priority is to raise the awareness and continually improve our due diligence approach. We would expect to continue our responsible activities with the mining community.

We hope to continue to set an example for our counterparts and to help stakeholders by adapting to market expectations and requirements.

During the year 2023, a special effort will be made in the framework of our sustainable development commitments through the Swiss Triple Impact ("STI") Project.

The Swiss Triple Impact Directory is a registry of organizations that have followed the STI program and have made bold and concrete commitments contributing to the Sustainable Development Goals (SDGs) of the 2030 Agenda. In doing so, we recognize the critical role the business community has to play in protecting the planet, health and well-being of current and future generations.

In order to offer to our customers a complete transparency of the carbon footprint on the whole value chain, PX Précinox is today able to offer indications concerning the scope 1 and 2 for the factories in Switzerland and for the processing plant close to the mines (Scope 3 PX Précinox). In 2023 we will continue our upstream analysis by integrating scope 3 up to the extraction mines.

Our vision: "To be recognized as the leading independent, responsible, transparent and ethical refiner.

Communication

If readers of this report or other stakeholders wish to provide any feedback to PX Précinox with respect to this report, we invite them to send an email to our Legal and Compliance department to the following email address: compliance@pxgroup.com

Depending on the nature of the complaint, Senior management will carry out an action plan to obtain the best solution quickly.

Annex 1 is not subject to mandatory publication as part of this audit.