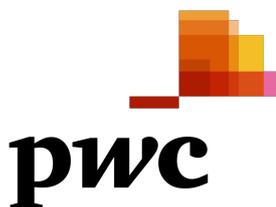

Joint-Stock Company “Uralektromed”

Independent Reasonable Assurance Report
(ISAE 3000 (revised) engagements)
on the Refiner’s Compliance Report
for the year ended 31 December 2020





Independent Reasonable Assurance Report

To the Management of Joint-Stock Company "Uralektromed":

Introduction

We were engaged by the Management of Joint-Stock Company "Uralektromed" (hereinafter – the "Company") to provide reasonable assurance on its Refiner's Compliance Report for the year ended 31 December 2020 (hereinafter – the "Refiner's Compliance Report").

Description of the subject matter and applicable criteria

The Refiner's Compliance Report prepared in accordance with the London Bullion Market Association (LBMA) Responsible Gold Guidance (Version 8) and Responsible Silver Guidance (Version 1) (together – "the LBMA Guidance") by the Management of the Company is the subject matter of our engagement for the purposes of preparing our reasonable assurance report. We were engaged to express an opinion as to whether the Refiner's Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance and that management's overall conclusion contained therein is in accordance with the LBMA Guidance.

Responsibility of the Management of the Company

The Management of the Company is responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the LBMA Guidance. This responsibility includes establishing and maintaining appropriate risk management and internal controls from which the reported information is derived. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant to the preparation of the Refiner's Compliance Report that is free from material misstatement, whether due to fraud or error. The information in relation to the activities described within the Refiner's Compliance Report is determined by the Management of the Company as appropriate and relevant to validate the degree of compliance with the LBMA Guidance.

Our responsibility and applicable professional standards

Our responsibility is:

- to plan and perform our engagement to obtain reasonable assurance as to whether the Refiner's Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance and that management's overall conclusion contained therein is in accordance with the LBMA Guidance;
- to perform our engagement following the relevant guidance set out in the LBMA Responsible Sourcing Programme – Third Party Audit Guidance (version 1) ("the Audit Guidance");
- to express an opinion based on our work performed; and
- to provide our opinion to the Management of the Company.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board.



This report, including our opinion, has been prepared solely for the Management of the Company for assisting management in determining whether the Company has complied with the LBMA Guidance and for no other purpose. We permit this report to be disclosed in the Refiner's Compliance Report, to assist the management in responding to their governance responsibilities by obtaining an independent reasonable assurance report in connection with the Refiner's Compliance Report¹. Our reasonable assurance report is made solely to the Company in accordance with the terms of our reasonable assurance engagement. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Management of the Company for our work performed and this report.

Our independence, quality control and competency statement

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our reasonable assurance engagement in respect of the Refiner's Compliance Report in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Summary of work performed

Our reasonable assurance engagement included the following procedures regarding the subject matter:

- inquiry of management to gain an understanding of the Company's processes and risk management procedures in place in relation to the gold and silver supply chain;
- inquiry of the relevant staff responsible for the preparation of the Refiner's Compliance Report;
- walkthrough of the Company's due diligence process to gain an understanding of implemented policies and procedures;
- assessment of the suitability of the policies, procedures and internal controls that the Company has in place to conform to the requirements of the LBMA Guidance;
- testing, on a sample basis, of the Company's account opening procedures and due diligence conducted before engaging with a potential precious metal supplying counterparty;
- testing, on a sample basis, of transactions to evaluate whether due diligence processes are being followed;
- testing a selection of the underlying processes and controls that support the information in the Refiner's Compliance Report; and
- review of the statements made by the management in the Refiner's Compliance Report as compared to the findings arising from the above procedures performed.

¹ The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter (the Refiner's Compliance Report) or Reporting Criteria (the LBMA Guidance) when presented on the Company's website.



We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Inherent limitations

Non-financial information, such as that included in the Refiner's Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by different refiners to comply with the LBMA Guidance may differ.

It is important to read the Company's Responsible Gold and Silver Guidance adopted on 26 March 2019, that is available on the Company's website in accordance with the LBMA Guidance requirements.

Our opinion

In our opinion, the Refiner's Compliance Report of the Company for the year ended 31 December 2020, in all material respects, describes 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 Guidance.

AO PricewaterhouseCoopers Audit

31 March 2021
Moscow, Russian Federation



A.N. Rusanov, certified auditor (licence No. 01-000273), AO PricewaterhouseCoopers Audit

Audited entity: Joint-Stock Company "Uralektromed"

Record made in the Unified State Register of Legal Entities on 31 July 2002 under State Registration Number 1026600726657

Taxpayer Identification Number 6606003385

624097, Russian Federation, Sverdlovsk region, Verkhnyaya Pyshma, Uspensky Prospect, 1

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

AO PricewaterhouseCoopers Audit is included in the list of Approved Service Providers by the London Bullion Market Association (LBMA)

Refiner's Compliance Report

Table 1 – Refiner's details	
Refiner's name	Joint Stock Company Uralelektromed (JSC Uralelektromed)
Location	1, prospect Uspensky, Verkhnyaya Pyshma, the Sverdlovsk region, Russian Federation, 624091
Reporting year-end	31 December 2020
Date of Report	31 March 2021
Senior management responsible for this report	Kolotushkin Vladimir Sergeevich, Director of JSC Uralelektromed

Table 2 – Summary of activities undertaken to demonstrate compliance
<p>Step 1: Establish strong company management systems</p> <p>Compliance statement with requirement: JSC Uralelektromed (hereinafter, the "Company" / "Refiner") fully complied with Step 1: "Establish strong company management systems" for supply chain of gold and silver.</p>
<p>Has the Refiner adopted a Company policy regarding due diligence for supply chains of gold and silver? In 26 March 2019 the Company applied the Gold and Silver Supply Chain Policy – Responsible Gold and Silver Guidance (hereinafter, the "Guidance"), which complies with London Bullion Market Association ("LBMA") Responsible Gold Guidance and Responsible Silver Guidance (hereinafter, the "LBMA Guidance").</p> <p>The Policy is available at the Company's official website: https://www.elem.ru/ru/activity/good-delivery/</p> <p>Comments and demonstration of compliance: The Guidance was established and enforced on 26 March 2019 and was applied to gold and silver supply chains.</p>
<p>Has the Refiner set up an internal management structure to support supply gold and silver chain due diligence? The Company set up a formalized internal management structure to support supply gold and silver chain due diligence. Detailed description of the structure is reflected in the Internal Control Rules (Article 3 «Program of internal control organization»).</p> <p>Comments and demonstration of compliance: As mentioned above, JSC Uralelektromed has formal management structure to support supply chain due diligence. All departments related to supply chain management have fulfilled their responsibilities in accordance with existing policies and procedures during 2020. According to the performed analysis, there were no high-risk level operations identified.</p>
<p>Has the Refiner established a strong internal system of due diligence, controls and transparency over gold and silver supply chains, including traceability and identification of other supply chain actors? JSC Uralelektromed has established strong internal system of due diligence, controls and transparency over supply chain of materials containing gold and silver, including traceability and identification of other supply chain participants.</p> <p>Comments and demonstration of compliance: JSC Uralelektromed has robust raw materials supply management system. Prior to testing and processing of materials containing precious metals, responsible employees of the Company obtain supporting documentation and post data into the electronic data management system of JSC Uralelektromed. All information relating to received materials is subject to special verification and control activities in accordance with the existing policies and procedures, which have to be successfully completed prior to material containing gold and/or silver being admitted for refining.</p>
<p>Has the Refiner strengthened company engagement with counterparties and, where possible, assisted counterparties in building due diligence capacities? JSC Uralelektromed has strengthened interaction with the counterparties of the supply chain of materials containing gold and silver, and where possible, assisted those counterparties in building their due diligence capacities. Also, due diligence procedures with respect to supply chains are required by Russian Federal Law No 115-FZ (AML-CFT Federal Law), which all precious metals businesses in Russia must follow. The Company also encourages suppliers to develop alternative solutions for the extraction and processing of raw materials without the use of mercury, limiting negative environmental impacts, paying attention to the health and safety of its employees, in particular, supply contracts include items on the inadmissibility of the use of mercury, radioactive isotopes and harmful substances.</p> <p>Comments and demonstration of compliance: JSC Uralelektromed developed a comprehensive supplier identification process. The Company fills questionnaires, which evidence that suppliers are not involved in activities related to money laundering and financing of terrorism.</p>

Has the Refiner established a company-wide communication mechanism to promote broad employee participation and risk identification to management?

JSC Uralelektromed established company-wide communication mechanism to promote broad-based employee participation and communication of identified risks to the management. Details of the mechanism reflected in the Internal Control Rules (Article 7 «the Program of identifying operations (transactions), which are subject of obligatory control»).

Comments and demonstration of compliance:

JSC Uralelektromed developed internal communication procedures designed to allow employees to voice their concerns in relation to precious metals supply chain, or newly identified risk.

Employees of the Company within the limits of their area of responsibility identify operations, which are subject to obligatory control according to the legislation of the Russian Federation, and unusual transactions that match criteria and characteristics of transactions that can be related to money-laundering or terrorism financing.

Upon confirmation of the concerns in respect of the supplier, employees immediately inform responsible person (Deputy Director for quality and operations with precious metals - Batuev A.N.) who makes further decision on recognition of identified operations as either unusual or subject to documentary fixation according to the legislation of the Russian Federation.

Step 2: Identify and assess risk in the supply chain

Compliance statement with requirement:

We have fully complied with Step 2: Identify and assess risk in the supply chain for supply chain of gold and silver.

Does the Refiner have a process to identify risks in the gold and silver supply chain?

The Company has a formal process to identify risks in supply chain in line with requirements of the LBMA Guidance and the AML-CFT Federal Law.

In 2020, as part of the risk assessment process for gold and silver suppliers, the Company analyzed the impact of restrictions due to the current international sanctions.

Comments and demonstration of compliance:

According to the Guidance and the Internal Control Rules, the Company assigns level of risk to each supplier based on the risk identification criteria. This process is mandatory requirement for initiation of collaboration with all counterparties.

Based on 2020 tests results, there were no suppliers with a high risk level identified.

The Company assessed the risk of the impact of restrictions in connection with the current international sanctions on the supply chains of gold and silver as low due to the fact that the market of polymetallic ores (copper, lead, zinc, etc.), which contain gold and silver, and precious metals in the Russian Federation is quite narrow and limited to a certain number of companies in respect of which the Company is sufficiently aware of their exposure to international sanctions and, accordingly, is able to prevent the conduction of contracts with potentially risky counterparties in a timely manner. There were no cases of increased risk due to the sanctions imposed on the Company's suppliers, their managers and owners.

Does the Refiner assess risks in light of the standards of their supply chain due diligence system?

The Company assesses risks of supply chain of materials containing gold and silver members in accordance with the standards of its due diligence system documented in the Guidance and the Internal Control Rules. This system is fully compliant with the requirements of the Laws of Russian Federation. The requirements contain provisions regarding assessment of risks associated with suppliers as well as measures to identify suspicious transactions and reporting of those to the regulatory authorities for further decision on the Company's ability to proceed with the supplier.

Comments and demonstration of compliance in respect of supply chains of gold and silver:

The Company performs supplier due diligence activities, including activities required by the LBMA Guidance. Monitoring of operations (transactions) of counterparties is performed by the Company constantly. In 2020, the Company did not identify suppliers with high risk level.

The procedures aimed at identifying risks in the gold and silver supply chains in relation to foreign suppliers included risk assessment both for traders (direct suppliers of raw materials for the Company) and for producers of primary raw materials (copper matte and concentrate with gold content of no more than 0.004% and silver content of no more than 0.05% in total weight). In 2020 the Company purchased raw materials of foreign origin produced by large mining companies. These entities are public companies that disclose policies on human rights, anti-corruption, and social responsibility reports on publicly available websites. For all such suppliers, sufficient evidence was received to assess the risks and conduct the contracts. In 2020 the Company purchased copper matte and concentrate produced by the large state and private companies in Chile and Kazakhstan from the foreign traders. The amount of precious metals in these purchases was 1 157 kgs for gold and 16 479 kgs for silver (the share in the total volume of deliveries to the Company in 2020 was 10% for gold and 7% for silver, respectively). The Company's management concluded that there is a not high risk of unfaithful status of both traders and producers of raw materials. Based on the results of the procedures performed, all foreign suppliers were assigned with a medium risk level.

Does the Refiner report the results of risk assessment to Senior Management?

The Company informs Senior management of all instances of revealing higher risks.

Comments and demonstration of compliance:

Not less than once in a year, the controller, who was appointed by the Director of the Company and is under supervision of the responsible person, prepares a Report with comments to the Senior Management that holds ultimate control and responsibility for the supply chain of materials containing gold and silver.

Step 3: Design and implement a management strategy to respond to identified risks**Compliance statement with requirement:**

We have fully complied with Step 3: Design and implement a management strategy to respond to identified risks for supply chains of both gold and silver

Has the Refiner devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk?

In 2020 the Company carried out its activities in accordance with the Laws of Russian Federation which are developed in spirit of international principles on anti-money laundering. Activities of the Company complied with the requirements of the LBMA Guidance as well. The Guidance and the Internal Control Rules include risk identification process as well as procedures of cancellation of cooperation with suppliers which activities are connected with money-laundering or terrorism financing.

Comments and demonstration of compliance:

In 2020 the Company conducted its activities in accordance with the Guidance, which suggests Low, Medium and High risk classification of suppliers. High risk relates to transactions with potential suspicious characteristics and subject for reporting to the regulatory authorities.

The Company did not identify suppliers with high-risk level, which evidence that the Guidance and the Internal Control Rules were sufficient to prevent the Company from collaborating with high risk suppliers.

In 2020, the main employees of the Company received training on "Prevention of AML-CFT". These circumstances contributed to prevent the Company from collaborating with high risk suppliers.

Where a management strategy of risk mitigation is undertaken, it should include measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to Senior Management.**Comments and demonstration of compliance:**

Corresponding procedures are documented in the Guidance and the Internal Control Rules and are applied consistently. Assessment of supply chain of materials containing gold and silver counterparties for 2020 demonstrated absence of high level of risk suppliers.

Step 4: Arrange for an independent third-party audit of the supply chain due diligence**Compliance statement with requirement:**

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

Comments and demonstration of compliance:

The Company has engaged AO PricewaterhouseCoopers Audi to provide respective assurance services, and their independent reasonable assurance report can be viewed on the Company's web-site once issued

(<http://www.elem.ru/ru/activity/good-delivery/>).

Step 5: Report supply chain due diligence**Compliance statement with requirement:**

We have fully complied with Step 5: Report supply chain due diligence for supply chains of gold and silver.

Further information and specific details of how systems, procedures, processes and controls of the Company are implemented and used to comply with requirements of the LBMA Guidance is set out in the Company's Guidance and the Internal Control Rules available on the Company's web-site (<http://www.elem.ru/ru/activity/good-delivery/>).

Table 3 – Management assessment of all 5 steps of the LBMA Guidance

Step of Framework	Rating	Comments
Step 1 Establish strong company management systems	Fully compliant (for materials containing gold and silver)	The Company has The Responsible Gold and Silver Guidance, which is compliant with the requirements of the LBMA Guidance. The Responsible Gold and Silver Guidance was established and enforced on 26 of March 2019.
Step 2 Identify and assess risk in the supply chain	Fully compliant (for materials containing gold and silver)	<p>The Company has formal process to identify risks in supply chain in line with requirements of the LBMA Guidance and the Russian AML-CFT regulations. According to the Guidance and the Internal Control Rules, the Company assigns level of risk to each supplier based on the risk identification criteria.</p> <p>The company conducts a compliance check of the supply chain, including the measures required by the LBMA Guidance. The Company constantly monitors operations (transactions) with counterparties. In 2020, the Company did not identify counterparties with a high risk level.</p> <p>The procedures aimed at identifying risks in the gold and silver supply chains in relation to foreign suppliers included risk assessment both for traders (direct suppliers of raw materials for the Company) and for producers of primary raw materials (copper matte and concentrate with gold content of no more than 0.004% and silver content of no more than 0.05% in total weight). In 2020 the Company purchased raw materials of foreign origin produced by large mining companies. These entities are public companies that disclose policies on human rights, anti-corruption, and social responsibility reports on publicly available websites. For all such suppliers, sufficient evidence was received to assess the risks and conduct the contracts. In 2020 the Company purchased copper matte and concentrate produced by the large state and private companies in Chile and Kazakhstan from the foreign traders. The amount of precious metals in these purchases was 1 157 kgs for gold and 16 479 kgs for silver (the share in the total volume of deliveries to the Company in 2020 was 10% for gold and 7% for silver, respectively). The Company's management concluded that there is not high risk of unfaithful status of both traders and producers of raw materials. Based on the results of the procedures performed, all foreign suppliers were assigned with a medium risk level.</p>
Step 3 Design and implement a management strategy to respond to identified risks	Fully compliant (for materials containing gold and silver)	<p>In 2020 the Company carried out its activities in accordance with the Laws of Russian Federation and the LBMA Guidance. The Company did not identify suppliers with high-risk level, which evidence that adopted policies were sufficient to prevent the Company from collaborating with high risk suppliers.</p> <p>Risk management (mitigation) strategy that includes measurable actions taken had been fully formalized.</p> <p>In 2020 the main employees of the Company received training on "Prevention of AML-CFT". These circumstances contributed to prevent the Company from collaborating with high risk suppliers.</p>
Step 4 Arrange for an independent third-party audit of the supply chain due diligence	Fully compliant (for materials containing gold and silver)	The Company has engaged AO PricewaterhouseCoopers Audit.
Step 5 Report on responsible supply chain due diligence	Fully compliant (for materials containing gold and silver)	All necessary reports are prepared for 2020 were publicly available once issued. The Refiner's compliance report and the Independent Reasonable Assurance Report are available on the Company's website.

Table 4 – Management conclusion

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

For the reporting period, the Refiner followed the requirements of the Responsible Gold and Silver Guidance in the course of its operations for supply chains of gold and silver.

JSC Uralektromed implemented effective management systems, procedures, processes and practices that conform to the requirements of the LBMA Guidance.

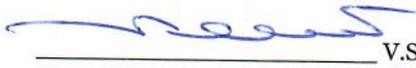
Policies and procedures that existed in 2020 were effective in preventing the Company from conducting activities with high-risk suppliers.

Table 5 – Other reports comments

If users of this report wish to provide any feedback to JSC Uralektromed with respect to this report, they can contact us through email on aouralem@elem.ru

CONFIRMED

Director, JSC Uralektromed



____ V.S. Kolotushkin

“31” March 2021

Person responsible for filling in this questionnaire:

Deputy Director for quality and operations with precious metals, JSC Uralektromed



____ A.N. Batuev

