



March 2018

**LBMA Responsible Gold Guidance –
Summary Assessment Report
For third-party audits based on ISO19011:2011**

According to LBMA provision this document has to be made publicly available by the refiner.

Company Name:	ASAHI PRETEC CORPORATION
Reference Standard: LBMA RGG	Other ref.: ISO 19011:2011

Audit Team	
Team Leader:	Team Member:
Kazunari HARA	None

Type of Audit	Date of Opening Audit	Date of Closing Audit	Total n° of man/days
Full assessment Audit	11 June, 2018	18 June, 2018	6MD
Assessment Review			
Follow-up Assessment			

Site(s) address(es):	1073 Imazaiike, Saijiro, Ehime, 799-1362, Japan (Ehime Plant)
	4-10 Ohtakasu-cho, Amagasaki, Hyogo, 660-0842, Japan (Amagasaki Plant)
	1-6-3 Murotani, Nishi-ku, Kobe, Hyogo, 651-2241, Japan (Technical Reserch Center)
	29 Itogaura, Koga, Fukuoka, 811-3136, Japan (Fukuoka Plant)
	4063-1 Shigeno-otsu, Toumi, Nagano, 389-0512, Japan (Nagano Plant)
	616 Hongohigashinaka, Sugito-machi, Kitakatsushika-gun, Saitama, 345-0023, Japan (Saitama Plant)
	Sapia Tower 11F, 1-7-12 Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan (Tokyo Headquarters: Compliance Officer and Contact person's Office)
Refiner Contact Person:	Mr. Issei KASAHARA
Name, Title:	Assistant Manager / Precious Metal Sales
Email:	i-kasahara@asahipretec.com
Phone:	(+81)3-6270-1826

	Non Compliance – risk level				
	Compliant	Low	Medium	High	Zero Tolerance
Based on the assessment conclusions, the overall rating of the Refiner's performance is determined to represent:		V			

Is a follow up visit required? (in case of high risk non-compliance)		Yes	No
Date(s) of follow up visit:	N/A	Assigned auditor:	N/A



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AUDIT SUMMARY

Basic Inputs

- Confirm if the data provided in the application/ self-assessment phase is valid.

See Third party Audit Checklist (GENERAL INFO POINT F) and describe below percentages

The number of gold supplying counterparties is as follows:

- Industrial mining operations (large or small scale): 0%

Type of companies: //

Forms of Gold: //

Countries of provenance: //

- Artisanal mining operations: 0%

Type of companies: //

Forms of Gold: //

Countries of provenance: //

- Traders / brokers: 1%

Type of companies: Japan based trading company //

Forms of Gold: Industrial scrap //

Countries of provenance: China, Singapore //

- Recycled material/collectors: 28%

Type of companies: Jeweller //

Forms of Gold: Jewellery, //

Countries of provenance: //

- Industrial scrap providers: 46%

Type of companies: Electronics, Semiconductor, Affiliate companies(overseas) //

Forms of Gold: Scrap of PCB, IC chips, Aqueous solution //

Countries of provenance: Japan, Taiwan, Vietnam, Thailand, USA //

Others: 25%

Type of companies: Dentistry//

Forms of Gold: Scrap of artificial tooth//

Countries of provenance: Japan //

No high risk gold supplying counterparty is found during the audit.

91% of the suppliers are classified as low risk suppliers and 9% of them are classified as medium risk suppliers.

Description of the company activities [mandatory for all audits]:

The company refines scrapped gold from electronic, semiconductor, dentistry, and jewellery industries. And the Refiner produces gold bullion, gold plate, and granulated gold.

The company established new facility for peeling/washing of gold from electric / electronics /semiconductor industry’s equipment/jig at its Fukuoka Plant and start operation since November/2017 under control of “Conflict-metal Manual (Rev.8 dated December 1/2017)”.

Manual adequacy:

- It was confirmed that key clauses in LBMA Responsible Gold Guidance are addressed (Conflict-metal manual, Rev.8 dated December 1/2017).



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- It is recommendable to make it clear that the policy is compliance with “LBMA responsible Gold Guidance Version 7 dated 1st September 2017” of the policy “Konfurikuto metaru(funso kobutsu) no toriatuikai ni kansuru kihonhoushin (corporate policy for handling conflict-metal, dated 1st August/2015)” even though it was authorized long before the submission of the RGG Version 7.
- Due to the financial year is from 1st April through 31st March/following year, its activity of audited period was not basing on the LBMA Responsible Gold Guidance Ver.7 and the manual is under study of revision up to meet with RGG Ver.7 and to reflect RSG Ver.1 during the period of 1st half of their financial year 2018 (until 30th September/2018) and it is expectable to comply with RGG Ver.7 and RSG Ver.1 in the 2nd half of this financial year.

Assessment of level of compliance of Refiner’s systems, processes, procedures and practices according to the LBMA Responsible Gold Guidance:

Step 1: Establish strong Refiner management systems

See Third party Audit Checklist

1. Adopt a Refiner policy regarding due diligence for supply chains of Gold. Provide an overview of the management systems governing the due diligence policy for Gold supply chains.
2. Set up an internal management structure to support supply chain due diligence. Review the management structure for due diligence, including the methods of communication to internal and external parties.
3. Establish a strong internal system of due diligence, controls and transparency over Gold supply chains, including traceability and identification of other supply chain actors. Inventory Control Mechanism: Conduct a review of the inventory control mechanism and the documentation kept on file for Gold bearing material.
4. Strengthen Refiner engagement with Gold supplying counterparties, and where possible, assist Gold supplying counterparties in building due diligence capacities. Review the due diligence policy communicated to the Gold bearing counterparties.
5. Establish a Refiner-wide communication mechanism to promote broad employee participation and risk identification to management. Review the internal communication mechanisms in place at the Refiner focusing on the mechanism for voicing concerns over the gold supply chain.

The refiner has developed the LBMA compliance policy “Konfurikuto metaru(funso kobutsu) no toriatuikai ni kansuru kihonhoushin (corporate policy for handling conflict-metal, dated 1st August/2015)” regarding due diligence for supply chain of Gold in compliance with LBMA Responsible Gold Guidance. This policy is published in the company website available at <http://www.asahipretec.com/conflictmetal/index.html>. The policy provides an executive summary of the management systems and procedures governing the due diligence policy for gold supply chains. The Policy underwent an official review process in August/2015.

The refiner has implemented an internal management structure to support supply chain of gold in compliance with LBMA Responsible Gold Guidance. Regular training sessions are held for all staff involved with or holding responsibilities related to the supply chain, as well as the management team. The Company Policy is communicated to all employees related to the gold-refining process. The refiner has appointed a compliance officer: Mr.Yukihiko NAKAYAMA and a vice compliance officer: Mr. Issei KASAHARA responsible for enforcing the implementation of the due diligence procedures and who reports to the management. The Senior Management: Mr.Hiroyuki NAKANISHI (President) is responsible for overseeing the supply chain and ensures that the conflict metal committee and related departments are provided with adequate resources in order to fulfil their responsibilities.



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The refiner upholds the implementation of their internal due diligence procedures, controls and processes. Transactions are consistently recorded and records are kept for a period of at least 5 years.

The refiner has requested that all gold-supplying counterparties have committed to and regarded as acknowledged due to no denial raised against the refiner’s own Company Policy however no documented acknowledgement are in place except for limited numbers of counterparties. It is regarded as low risk non-conformance.

The refiner has implemented an effective, anonymised communication mechanism that allows employees to express concerns or provide feedback over issues related to the gold supply chain. Due to induction training to newly employee and annual refresh training, it became apparent that all staff members are aware of the mechanism. non-compliance. The company is therefore incorporating training using the mechanism as part of new joiners’ induction sessions.

STEP 2: Identify and assess risk in the supply chain

See Third party Audit Checklist

1. Identify risks in the Gold supply chain. Assess the risk assessment policy for all Gold supply chains.
2. Assess risks in light of the standards of their supply chain due diligence system: Supply chain due diligence: Review “Gold supplying counterparty” files to verify if the Refiner collects the required basic information for all business entities
3. Risk assessment reporting. Evaluate the risk assessment reporting mechanisms, organization chart and communication

EXAMPLE (only for guidance): *The refiner regularly reviews and revises their assessment procedure. The refiner has clearly defined risk categories and has procedures prescribing enhanced monitoring for any high-risk categories identified during the due diligence procedures. The policy of the refiner defines acceptance of high-risk transactions and no actual records of high-risk transactions are identified by the refiner during the assessment period. Transactions were satisfactorily managed with all steps in the procedure being followed and involvement of Senior Management.*

The refiner collects information on clients from reliable and independent sources and conducts their activities with LBMA Good Delivery Refiners.

The refiner does not adopt sub-contractors.

The Compliance Officer quarterly reports risk assessment and results to the Senior Management. The Conflict Metal Committee is responsible for approving/denying each new supply chain assessed and refusal of high risk, and re-assesses these on an annual basis to determine whether the business relationship should be taken or not. The last Senior Management review was conducted in April 2018. There are documented consequences if the risk assessment reporting tasks are not completed. If documentation is missing or the documentation does not contain sufficient information, then the supplier is rejected until all fields are completed.

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

See Third party Audit Checklist

1. Policy: formal risk mitigation strategy in place.



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2. Improvement plans: strategy regarding the procedures for following up on improvement plans.

Risk mitigation strategy has been established formally in the refiner’s procedure. Senior Management actively provides support for this strategy. Assessment results did not present any high-risk counterparties at this time.

The Compliance Officer, Vice Compliance Officer and Conflict Metal Committee members are aware of the enhanced due diligence measures and these are documented ready to be implemented if necessary.

Step 4: Arrange for an independent third-party audit of the supply chain due diligence

See Third party Audit Checklist

This is the fourth year that the refiner completes an LBMA Gold Guidance, with audits completed once a year. The refiner has ensured that these audits are diligently completed in accordance with the LBMA Guidance and the OECD Guidance.

STEP 5: Report on supply chain due diligence

See Third party Audit Checklist

Refiners should make available their company policy regarding gold supply chain and the LBMA Summary Report.

The refiner publishes the LBMA Summary report and Company Policy on their website (link provided above).

ASSESSMENT CONCLUSIONS							
CATEGORY	SUBCATEGORY	Compliant	Non compliance – risk level				
			Low	Medium	High	Zero Tolerance	
General Information		✓					
Step 1: Establish strong Refiner management systems	1.1	✓					
	1.2:	✓					
	1.3	✓					
	1.4		✓				
	1.5	✓					
Step 2: Identify and assess risk in the supply chain	2.1	✓					
	2.2	✓					
	2.3	✓					
Step 3: Design and implement a	3.1	✓					



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management strategy to respond to identified risks	3.2	✓				
Step 4: Arrange for an independent third-party audit of the supply chain due diligence	4.1	✓				
Step 5: Report on supply chain due diligence	5.1	✓				
Based on the above assessment conclusions, the overall rating of the Refiner's performance is determined to represent:						

Assessment scope:	
<i>Refiner location(s) included in the assessment scope</i>	ASAHI PRETEC CORPORATION
<i>Assessment Period</i>	19/06/2017 – 10/6/2018
Assessment methodology:	
<p><i>The evidence of compliance that was reviewed included:</i></p> <ul style="list-style-type: none"> <i>The following areas of the facility were visited during the tour:</i> Tokyo Head Office <i>The following interviews were conducted with management:</i> Mr. Yukihiko NAKAYAMA: Compliance Officer (General Manager, Precious Metal Sales) <i>The evidence of compliance that was reviewed included: Documented policy, procedures, records, traceability system</i> <i>The following areas of the facility were visited during the tour:</i> Ehime Plant: 1073 Imazaike, Saijo, Ehime Amagasaki Plant: 4--10 Ohtakasu--cho, Amagasaki, Hyogo Technical Research Center: 1--6--3 Murotani, Nishi--ku, Kobe, Hyogo Fukuoka plant: 29 Itogaura, Koga, Fukuoka Nagano Plant: 4063--1 Shigeno--otsu, Toumi, Nagano Saitama plant: 616 Hongohigashinaka, Sugito-machi, Kitakatsushika-gun, Saitama <i>The following interviews were conducted with management:</i> Mr. Issei KASAHARA: Vice Compliance Officer (Assistant Manager, Precious Metal sales) Mr. Hironori OGATA: (General Manager, Ehime Plant) Mr. Hikaru ABE: (General Manager, Fukuoka Plant) 	



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Mr. Yosiuke KOJIMA (General Manager, Hanshin Office)

Mr. Shinyo TAKAICHI (General Manager, Nagano Plant)

Mr. Naoki KAWATA: (Assistant General Manager, Saitama Plant)

Mr. Yoshimasa OGAWA (Assistant Manager, Amagasaki Plant)

Ms. Yasuko MAEKAWA (Assistant Manager, Electronics & Catalysts Business)

Mr. Kenichi WATANABE (Assistant Manager, Amagasaki Plant)

Mr. Hideki SHIGETA (Staff Manager, Precious Metal business, Ehime Plant)

Any significant or inherent limitations or areas not covered that were within the assessment scope:

The refiner has requested that all gold supplying counterparties have committed to and regarded as acknowledged due to no denial raised against the refiner's own Company Policy however no documented acknowledgement are in place except for limited numbers of counterparties. It is regarded as low risk non-conformance.

Assessment criteria:

The auditor took into account all relevant objective evidence provided by the Refiner. Relevant evidence was either qualitative or quantitative in as far as it is appropriate and sufficient to support the auditor's conclusion. Appropriate evidence is evidence that is relevant and reliable. Sufficient evidence refers to the amount of evidence provided to allow the auditor or assessment team to reach a conclusion. Any actual or potential gaps in the Refiner's systems in regards to the LBMA requirements are rated in accordance to the level of risk each presents to the credibility and integrity of the LBMA Responsible Gold Programme for the responsible sourcing of gold-bearing materials.

The Auditors confirm that:

- ✓ The information provided by the Refiner is true and accurate to the best knowledge of the Auditor(s) preparing this report.
- ✓ The findings are based on verified Objective Evidence relevant to the time period for the assessment, traceable and unambiguous.
- ✓ The Auditor(s) have acted in a manner deemed ethical, truthful, accurate professional, independent and objective.
- ✓ The Auditor(s) are properly qualified to carry out the assessment at this Refiner's facility.

Lead Auditor: **Kazunai HARA**

Signature: 原 一 成 / **HARA K.**



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Date: June 26, 2018
