



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:	MATSUDA SANGYO CO., LTD.
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			
Assessment Review	4th June, 2018	8th June, 2018	4MD
Follow-up Assessment			

Site(s) address(es):	55-1 Negishi, Iruma, Saitama, 358-0034, JAPAN (Iruma No.2 Factory)
	87-1 Negishi, Iruma, Saitama, 358-0034, JAPAN (Iruma Factory)
	189-1 Sayamagahara, Iruma, Saitama, 358-0034, JAPAN (Musashi Factory)
	60 Negishi, Iruma, Saitama, 358-0034, JAPAN (R&D Center)
	108-9, Sayamagahara, Iruma, Saitama, 358-0032, JAPAN (Compliance Officer's, Contact person's Office)
Refiner Contact Person:	Mr. Takashi YAMANOI
Name, Title:	Assistant Manager, Quality Assurance Dept.
Email:	hinshou@matsuda-sangyo.co.jp
Phone:	(+81)4-2907-3622

	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:		✓			

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: None	

AUDIT SUMMARY	
Basic Inputs	
<ul style="list-style-type: none"> Confirm if the data provided in the application/ self-assessment phase is valid. 	



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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: 0.3%

Type of companies: Japan based trading company//

Forms of Gold: Industrial scrap (Electronics, Semiconductors)//

Countries of provenance: Thailand, Philippine, Malaysia //

Recycled material/collectors: 2%

Type of companies: Jeweller //

Forms of Gold: //

Countries of provenance: //

Industrial scrap providers: 29.2%

Type of companies: Electronics, Semiconductor//

Forms of Gold: //

Countries of provenance: //

Others: 68.5%

Type of companies: Dentistry, Labo, University//

Forms of Gold: //

Countries of provenance: //

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

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

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

The company refines scrap gold from electric, semiconductor, dentistry, and jewelry industries and produces gold bullion, gold plating solution, and granulated gold.

Manual adequacy:

- It was confirmed that key clauses in LBMA Responsible Gold Guidance are addressed. (Compliance and purchasing procedure, B-8, Rev.0, 2014/5/1, Due Diligence procedure, Rev.0, 2014/5/1)

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



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- 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.

MATSUDA SANGYO CO., LTD. has developed the LBMA compliance policy 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.matsuda-sangyo.co.jp/en/policy/conflictminerals.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 April 1, 2014.

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.TAKAHIDE KUROTAKI/Manager of Quality Assurance Department, responsible for enforcing the implementation of the due diligence procedures and who reports to the management. The Senior Management, Mr.YUJI KATAYAMA/Managing Executive Officer, is responsible for overseeing the supply chain and ensures that the compliance department and related departments are provided with adequate resources in order to fulfil their responsibilities.

MASTUDA SANGYO CO., LTD. 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.

STEP 2: Identify and assess risk in the supply chain

See Third party Audit Checklist



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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

The refiner regularly reviews and revises their assessment procedure. The refiner has clearly defined risk categories and has procedures prescribing enhanced monitoring for any risk categories identified during the due diligence procedures. No high-risk transaction was identified during the assessment period. High-risk transactions were refused to accept 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.

For sub-contractors, the refiner requires an audit to be carried out on a yearly basis.

The Compliance Officer: Mr.Takahide Kurotaki (Manager, Quality Assurance Department, regularly reports risk assessment and results to the Senior Management: Mr.Yuji KATAYAMA (Director,Managing Excecutive Officer) is responsible for approving each new supply chain assessed, and re-assesses these on an annual basis to determine whether the business relationship should continue. The last Senior Management review was conducted in 25th May, 2018. 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.
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 in addition to the policy that the refiner will not accept mined material. Senior Management actively provides support for this strategy. Assessment results did not present any high-risk counterparties at this time.

The Compliance Officer and the compliance team is 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 fifth 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.



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The refiner publishes the LBMA Summary report and Company Policy on their website (<http://www.matsuda-sangyo.co.jp/en/policy/conflictminerals.html>).

ASSESSMENT CONCLUSIONS							
CATEGORY	SUBCATEGORY	Compliant	Non compliance – risk level				
			Low	Medium	High	Zero Tolerance	
A.	General Information	✓					
B.	Step 1: Establish strong Refiner management systems	1.1	✓				
		1.2:	✓				
		1.3	✓				
		1.4		✓			
		1.5	✓				
C.	Step 2: Identify and assess risk in the supply chain	2.1	✓				
		2.2	✓				
		2.3	✓				
D.	Step 3: Design and implement a management strategy to respond to identified risks	3.1	✓				
		3.2	✓				
E.	Step 4: Arrange for an independent third-party audit of the supply chain due diligence	4.1	✓				
F.	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>	Musashi No.3 Factory: 108-9, Sayamagahara, Iruma, Saitama, Japan (Compliance Officer’s office) Iruma No.2 Factory: 55-1 Negishi, Iruma, Saitama, Japan Iruma Factory: 87-1 Negishi, Iruma, Saitama, Japan Musashi Factory: 189-1 Sayamagahara, Iruma, Saitama, Japan



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	R&D Center: 60 Negishi, Iruma, Saitama, Japan
<i>Assessment Period</i>	from 1st April 2017 to 31st March. 2018

Assessment methodology:

Each area of the LBMA Responsible Gold Guidance was verified by documentation review and management/employee interviews, as well as observation during the facility tour.

The evidence of compliance that was reviewed included:

- The following areas of the facility were visited during the tour:

Musashi 3rd Factory (Compliance Officer’s Office): 108-9, Sayamagahara, Iruma, Saitama, Japan

Iruma 2nd factory : 55-1, Negishi, Iruma, Saitama, Japan

Iruma Factory: 87-1 Negishi, Iruma, Saitama, Japan

Musashi Factory: 189-1 Sayamagahara, Iruma, Saitama, Japan

R&D Center: 60 Negishi, Iruma, Saitama, Japan

- The following interviews were conducted with management:

Mr.TAKAHIDE KUROTAKI / Manager of Quality Assurance Department,

Mr.TATSUYA MARUO / Manager of PreciseCleaning Section, Production Department,

Mr.KAZUHIRO ITO / Manager of Warehouse Management Section, Production Department,

Mr.TAKUYA SHIBATA / Manger of SMELTING 2 section, Productin Department,

Mr.KAZUHIRO ODA / Manager of Production Section, Chemical Products department,

Mr.KOJI TAKAHASHI / Manager of Analysis Section, Production Mangement Department,

Mr.YASUYUKI SENDA / Manager of Tokyo sales Office, Metal/environment Sales Division

- The following interviews with employees were conducted:

Mr.TAKASHI YAMANOI / Assistant Manager, Quality Assurance Department,

Mr.HIDEAKI KOMIYA / Assistant manager of Business Administration section, Precious Metal Material Div.

- The evidence of compliance that was reviewed included: Documented policy, procedures, records, traceability system.

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

1.4.1: 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



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acknowledgement are in place except for limited numbers of counterparties.

Assessment criteria:

[*Example response:*

- *The auditor or assessment team 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 or assessment team's conclusions. 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: **Kazunari HARA**

Signature: 原 一 成 / **HARA K.**

Date:
