



March 2018

LBMA Responsible Gold Guidance and LBMA Responsible Silver
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 Corp.		
Reference Standard:	LBMA RGG, LBMA RSG	Other ref.: ISO 19011:2011	

Audit Team	
Team Leader:	Team Member:
Kazunari HARA	N/A

Type of Audit	Date of Opening Audit	Date of Closing Audit	Total n° of man/days
Full assessment Audit			
Assessment Review	Jun. 6, 2019	Jun. 14, 2019	8.75
Follow-up Assessment			

Site(s) address(es):	Tokyo Head Office (Compliance Officer's Office); Sapia Tower 11F, 1-7-12 Marunouchi Chiyoda-ku, Tokyo
	Nagano Plant; 4063-1 Shigeno-otsu, Toumi-shi, Nagano
	Saitama Plant; 616 Hongohigashinaka, Sugito-machi, Kitakatsushika-gun, Saitama
	Ehime Plant; 1073 Imazaiké, Saijo-shi, Ehime
	Amagasaki Plant; 4-10 Ohtakasu-cho, Amagasaki-shi, Hyogo
	Technical Reserch Center; 1-6-3 Murotani, Nishi-ku, Kobe-shi, Hyogo
	Fukuoka Plant; 29 Itogaura, Koga-shi, Fukuoka
Refiner Contact Person:	Yukihiko NAKAYAMA, General Manager for Precious Metal Sales
Name, Title:	pms_asahi@asahipretec.com
Email:	+81-3-6270-1826
Phone:	

	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:	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: N/A

Forms of Gold: N/A

Countries of provenance: N/A

- Artisanal mining operations: 0 %

Type of companies: N/A

Forms of Gold: N/A

Countries of provenance: N/A

- Traders / brokers: 0 %

Type of companies: N/A

Forms of Gold: N/A

Countries of provenance: N/A

- Recycled material/collectors: 50.4%

Type of companies: Electronics/Semi-conductors/ Jewelry

Forms of Gold: scrap//

Countries of provenance: Japan/Korea/

- Industrial scrap providers: 27.7%

Type of companies: Electronics/Semi-conductors/ Jewelry

Forms of Gold: scrap//

Countries of provenance: Japan/Korea/

Others: 21.9%

Type of companies: including dental scrap

Forms of Gold: scrap//

Countries of provenance: Japan//

None of high risk Gold supplying counterparty is found during the audit.

100% of the suppliers are classified as low risk suppliers and 0% of them are classified as medium risk suppliers.

The number of Silver supplying counterparties is as follows:

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

Type of companies: N/A

Forms of Silver: N/A

Countries of provenance: N/A

- Artisanal mining operations: 0 %

Type of companies: N/A

Forms of Silver: N/A

Countries of provenance: N/A



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Traders / brokers: 0%
Type of companies: N/A
Forms of Silver: N/A
Countries of provenance: N/A

Recycled material/collectors: 44.5%
Type of companies: Electronics/Semi-conductors/
Forms of Silver: scrap//
Countries of provenance: Japan/Malaysia/

Industrial scrap providers: 38.4%
Type of companies: //
Forms of Silver: //
Countries of provenance: //

Others: 17.1%
Type of companies: refiner/dentistry/labolatory
Forms of Silver: Burion/scrap/
Countries of provenance: Japan//

None of high risk Silver supplying counterparty is found during the audit.
100% of the suppliers are classified as low risk suppliers and 0% of them are classified as medium risk suppliers.

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

- The company refines scrap gold from electric, semiconductor, dentistry, and jewelry industries and refines scrap silver from electric, semiconductor, dentistry, photo film/developing industries, jewelery industries and laboratories. produces gold/silver bullion, gold/silver plate and granulated gold.

Manual adequacy:文書体系

- It was confirmed that key clauses in LBMA Responsible Gold Guidance/Responsible Silver 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 and LBMA Responsible Silver Guidance:

Step 1: Establish strong Refiner management systems 管理体制・仕組

See Third party Audit Checklist

1. Adopt a Refiner policy regarding due diligence for supply chains of Gold and Silver. Provide an overview of the management systems governing the due diligence policy for Gold and Silver 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 and Silver 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 and Silver bearing material.
4. Strengthen Refiner engagement with Gold and Silver supplying counterparties, and where possible,



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assist Gold and Silver supplying counterparties in building due diligence capacities. Review the due diligence policy communicated to the Gold and Silver 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 and Silver supply chain.

The refiner has established the LBMA compliance policy included in “Sekinnaru Kikinnzoku Kanri Manual (Responsible Precious Metals Management manual rev.9 dated Oct. 01/2018)” regarding due diligence for supply chain of Gold/Silver in compliance with LBMA Responsible Gold Guidance and LBMA Responsible Silver Guidance. This policy is published in the company website available at <http://www.asahipretec.com/conflictmetal/index.html>. The manual provides an executive summary of the management systems and procedures governing the due diligence activity for gold and silver supply chains. The Policy underwent an official review process in September/2018.

The refiner has implemented an internal management structure to support supply chain of gold and silver in compliance with LBMA Responsible Gold Guidance/ LBMA Responsible Silver Guidance. Regular training is conducted as e-Learning sessions held for all staff involved with or holding responsibilities related to the supply chain, as well as the management team in the beginning of FY2018 (Apr. to May/2018). The Company Policy is communicated to all employees related to the gold/silver refining process. The refiner has appointed a compliance officer: Mr.Yukihiko NAKAYAMA and 24 Responsible Precious Metal Committee members. The Senior Management: Mr.Hiroyuki NAKANISHI (President) is responsible for overseeing the supply chain and ensures that the Responsible Precious Metal Committee and related departments are provided with adequate resources in order to fulfil their responsibilities.

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 and Silver-supplying counterparties have committed to and acknowledged in writing compliance with the refiner’s own Company Policy. The policy is communicated to all counterparties on a yearly basis along with expectations and moral and ethical principles governing the company’s activities.

The refiner has implemented an effective, anonymized communication mechanism that allows employees to express concerns or provide feedback over issues related to the Gold and Silver supply chain. Due to recent turnover in staff, it became apparent that not all staff members were aware of the mechanism and that the general training sessions were too infrequent. This was identified as a low-risk 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 サプライチェーン（上流・下流）のリスク

See Third party Audit Checklist

1. Identify risks in the Gold and Silver supply chain. Assess the risk assessment policy for all Gold and Silver supply chains.



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2. Assess risks in light of the standards of their supply chain due diligence system: Supply chain due diligence: Review “Gold supplying counterparty” and “Silver 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 high-risk categories identified during the due diligence procedures. Four high-risk transactions were identified during the assessment period. These 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 regularly reports risk assessment and results to the Senior Management. The Senior Management is responsible for approving each new supply chain assessed as high risk, and re-assesses these on an annual basis to determine whether the business relationship should continue. The last Senior Management review was conducted in Sep./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 リスク対処方策

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. Senior Management actively provides support for this strategy. Assessment results did not present any high-risk or medium-risk counterparties at this time.

The Compliance Officer and the Responsible Precious 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 first year that the refiner completes an LBMA Gold and Silver Guidance, with audit completed once a year. The refiner has ensured that this audit is 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 and Silver supply chain and the LBMA Summary Report.



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

Until last time of the LBMA audit, refiner published the LBMA Summary report and Compliance Policy regarding LBMA Responsible Gold Guidance.

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 management strategy to respond to identified risks	3.1	✓				
	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>	Tokyo Head Office: Sapia Tower 11F, 1-7-12 Marunouchi Chiyoda-ku, Tokyo Nagano Plant: 4063-1 Shigeno-otsu, Tōmī, Nagano Saitama Plant: 616 Hongohigashinaka, Sugito-machi,
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BUREAU
VERITAS

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	Kiatakatsushika-gun, Saitama Ehime Plant: 1073 Imazaïke, Saijo-shi, Ehime Amagasaki Plant: 4-10 Ohtakasu-cho, Amagasaki-shi, Hyogo Technical Research Center: 1-6-3 Murotani, nishi-ku, Kobe-shi, Hyogo Fukuoka Plant: 29 Itogaura, Koga-shi, Fukuoka
<i>Assessment Period</i>	5th June 2019 – 14th June 2019

Assessment methodology:

Each area of the LBMA Responsible Gold Guidance and LBMA Responsible Silver 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: Documented policy, procedures, records, traceability system
- The following areas of the facility were visited during the tour:
 Tokyo Head Office: Sapia Tower 11F, 1-7-12 Marunouchi Chiyoda-ku, Tokyo
 Nagano Plant: 4063-1 Shigeno-otsu, Tōmī, Nagano
 Saitama Plant: 616 Hongohigashinaka, Sugito-machi, Kiatakatsushika-gun, Saitama
 Ehime Plant: 1073 Imazaïke, Saijo-shi, Ehime
 Amagasaki Plant: 4-10 Ohtakasu-cho, Amagasaki-shi, Hyogo
 Technical Research Center: 1-6-3 Murotani, nishi-ku, Kobe-shi, Hyogo
 Fukuoka Plant: 29 Itogaura, Koga-shi, Fukuoka
- The following interviews were conducted with management:
 Job title
 General Manager Precious Metal Sales
 General Manager Nagano Plant
 General Manager Saitama Plant
 General Manager Ehime Plant+
 General Manager Hanshin Office
 General Manager Techno-Center
 General Manager Fukuoka Plant

Nothing in particular



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Assessment criteria:

- 1) LBMA Responsible Gold Guidance
- 2) LBMA Responsible Silver Guidance
(ISO19011:2011)

No 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 and LBMA Responsible Silver Programme for the responsible sourcing of Gold and Silver-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: _____

Date: June 21, 2019