



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.*

<b>Company Name:</b>	Dongwu Gold Group Co., Ltd.
<b>Reference Standard:</b> LBMA RGG	Other ref.: ISO 19011:2011

Audit Team	
Team Leader:	Team Member:
Mr.Chuangen Wang	N/A

Type of Audit	Date of Opening Audit	Date of Closing Audit	Total n° of man/days
Full assessment Audit	April 15th	April 17th	3 Man days
Assessment Review			
Follow-up Assessment			

<b>Site(s) address(es):</b>	No. 59 Building, Yangtai Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province, P.R.China
<b>Refiner Contact Person:</b>	Name: Mr. Shanxi Zhan
<b>Name, Title:</b>	Title: Sales manager
<b>Email:</b>	294030288@qq.com
<b>Phone:</b>	0086-15250005455

	Non Compliance – risk level				
	Compliant	Low	Medium	High	Zero Tolerance
<b>Based on the assessment conclusions, the overall rating of the Refiner’s performance is determined to represent:</b>		Yes			

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

<b>AUDIT SUMMARY</b>
<b>Basic Inputs</b>
<ul style="list-style-type: none"> <li>Confirm if the data provided in the application/ self-assessment phase is valid. <i>This is the first full assessment audit for gold carried out by BV. It was noted one NC was raised during the assessment audit on 2018. One auditor and 3 Man days man days were arranged for this audit.</i></li> </ul>



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

There are total 4 gold supplier during the year 2018 (from Jan.1/2018 to Dec.31/2018)  
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: 40.2%( 2 suppliers)

Type of companies: domestic trading company

Forms of Gold: Alloy gold: (Gold contain 99.5%~99%)

Countries of provenance: China.

Recycled material/collectors: 59.8 %( 2 suppliers)

Type of companies: SGE

Forms of Gold: Standard gold ingot 1kg (Gold contain 99.99%)

Countries of provenance: China.

Type of companies: other refiner

Forms of Gold: Alloy gold: (Gold contain 99.5%~99%)

Countries of provenance: China.

Industrial scrap providers: 0%

Type of companies: //

Forms of Gold: //

Countries of provenance: //

Others: 0%

Type of companies: //

Forms of Gold: //

Countries of provenance: //

0 high risk Gold supplying counterparty 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]:**

*Dongwu gold group co., ltd was set up in 2012, (hereinafter referred to as “suzhou gold”) is wholly-owned subsidiary of suzhou investment co., ltd. It was located in suzhou industrial park, jiangsu province, P.R.China. with the registered capital of RMB100 million and 500 employees. The company covers an area of about 5000 square meters, building area of about 14600 square meters, is a medium-sized private enterprises.*



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The refiner adopt international advanced gold refining technology and equipment, with the characteristics of short production cycle, flexible process, high level of automation and stable product quality, with annual refining gold capacity of more than 50 tons. The 2018 production capacity is about 23 tons. The refiner's main processes including: gold electrolysis, dissolution by aqua regia, melting, casting, inspection. The company's refined raw materials are sourced from Shanghai Gold Exchange, and the products are standard gold bar.

The parent company Suzhou Investment Co., Ltd is a member in the comprehensive category of Shanghai Gold Exchange; Shanghai Dahui Culture Development Co., Ltd, as the wholly-owned subsidiary of Dongwu Gold and located at China (Shanghai) Pilot Free Trade Zone, is an international board grade B member of Shanghai Gold Exchange; besides, Dongwu Gold is the standard gold ingot supplier accepted by Shanghai Gold Exchange since March 2017; these preconditions enable Dongwu Gold to enjoy absolute advantages at the aspects of raw material supply, recycling and turnover of precious metal. With international advanced production and inspection equipment, the company passed ISO 9001:2008 quality management system authentication in November 2015 and passed the version of ISO 9001:2015 quality management system certification in 2018. The company is the standing director unit of China Gold Association.

**Manual adequacy:**

Key clauses in LBMA Responsible Gold Guidance are addressed in the LBMA compliance policy statement that is prepared by the LBMA compliance committee.

All applicable statutory requirements are mandatory implemented and maintained.

**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 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.dongwugold.com/news/newsdetail/22>

The refiner has developed LBMA management system which including policy, manual and procedures governing the due diligence policy for Gold supply chains. The policy, manual and procedures was last issued on 1<sup>st</sup> March, 2019.

The refiner has implemented an internal management structure to support supply chain of Gold in compliance with LBMA Responsible Gold Guidance. The LBMA compliance team is led by the Ms. Xiaoling Bao/Quality



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*Director with six compliance team members including legal manager, financial manager, purchasing manager, sales manager, quality manager and production manager.*

*LBMA related training sessions are held for all staff involved with or holding responsibilities related to the supply chain, as well as the management team. The last training was conducted on March.8<sup>th</sup>,2019 and the training records were kept well. But the refiner failed to provide regular refresher training record for review. One NC was raised during this audit.*

*The refiner Policy is communicated to all employees related to the Gold-refining process. The refiner has appointed a compliance officer responsible for enforcing the implementation of the due diligence procedures and who reports to the management. The Senior Management 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.*

*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 acknowledged in writing compliance with the refiner’s own Company Policy. The policy is communicated to all counterparties on a yearly basis through purchasing contract or commitment letter.*

*The refiner has a communication mechanism in place that allows employees to voice concerns over the Gold supply chain or any newly identified risk via compliant email anonymously. Based on interview, employees are aware of the mechanism.*

**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

*The refiner has a system for assessing risk among Gold supplying counterparties according to the LBMA Responsible Gold Guidance. The system allows taking into account risks in the entire Gold supply chain from the point of origin to the refiner. The risk assessment applies to all inputs of recycled Gold received within the assessment period. 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 company uses relevant criteria to determine areas that are conflict-affected, high risk transit areas that carry high risk of human rights abuses, high risk of money laundering, crime or corruption.*

*The refiner collects information to determine risk categories. The refiner has assigned a risk level to each Gold supplier. During the assessment period, all 4 Gold suppliers are assigned as low risk level.*

*No subcontractor is used by the refiner.*

*The refiner has a risk based approach for monitoring transactions to ensure that these are consistent with information on the counterparties’ supply chain and risk profile. The refiner systematically request, gather and maintain the related documentation on file for each lot of Gold-bearing material received.*

*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*



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on an annual basis to determine whether the business relationship should continue. Till now no high risk supplier was found.

**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. 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 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 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.

*This is the first LBMA full assessment was conducted in April 2019 by BV, and the assessment was conducted based on the ISO 19011:2011 standard, and the assessment period was January to December 2018. The refiner has ensured that these audits are diligently completed in accordance with the LBMA Guidance and the OECD Guidance. The refiner will publish the LBMA summary report after approval on their website (<http://www.dongwugold.com/news/newsdetal/22>) The policy has published on their website (<http://www.dongwugold.com/news/newsdetal/22>).*

ASSESSMENT CONCLUSIONS						
CATEGORY	SUBCATEGORY	Compliant	Non compliance – risk level			
			Low	Medium	High	Zero Tolerance
<b>General Information</b>			√			
<b>Step 1:</b> Establish strong Refiner management systems	<b>1.1</b>	√				
	<b>1.2:</b>		√			
	<b>1.3</b>	√				
	<b>1.4</b>	√				
	<b>1.5</b>	√				



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<b>Step 2:</b> Identify and assess risk in the supply chain	<b>2.1</b>	✓				
	<b>2.2</b>	✓				
	<b>2.3</b>	✓				
<b>Step 3:</b> Design and implement a management strategy to respond to identified risks	<b>3.1</b>	✓				
	<b>3.2</b>	✓				
<b>Step 4:</b> Arrange for an independent third-party audit of the supply chain due diligence	<b>4.1</b>	✓				
<b>Step 5:</b> Report on supply chain due diligence	<b>5.1</b>	✓				
<b>Based on the above assessment conclusions, the overall rating of the Refiner's performance is determined to represent:</b>						

<b>Assessment scope:</b>	
<i>Refiner location(s) included in the assessment scope</i>	No. 59 Building, Yangtai Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province, P.R.China
<i>Assessment Period</i>	2018 (from Jan.1/2018 to Dec.31/2018)
<b>Assessment methodology:</b>	
<p><i>The Assessment teams used a triangulation of findings to evaluate the existence and implementation of appropriate systems at the Refiner, addressing all areas covered by the LBMA Responsible Silver Guidance. Each area of the LBMA Responsible Silver Guidance was verified by documentation review and management/employee interviews, as well as observation during the facility tour.</i></p> <p><i>The evidence of compliance that was reviewed included:</i></p> <ul style="list-style-type: none"> <li>• Gold Supplier Chain Policy,</li> <li>• LBMA manual,</li> <li>• LBMA Procedure Gold Supplier (Chain Due Diligence Procedure, Gold Source Risk Assessment Procedure, Gold Risk Mitigation Strategy, Traceability Procedure, Training Procedure, Transaction monitoring procedure, Document and record procedure.)</li> <li>• Training Record,</li> <li>• Risk Assessment Record,</li> <li>• Due diligence record,</li> <li>• Business Certification,</li> <li>• Transaction Record,</li> <li>• Gold Receiving Book,</li> <li>• Gold Assay Record,</li> </ul>	



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- *Etc.*
- *The following areas of the facility were visited during the tour:*
  - *Office,*
  - *Raw Materials Warehouse,*
  - *Gold Warehouse,*
  - *Gold Electrolysis Workshop,*
  - *Melting workshop,*
  - *Casting Workshop,*
  - *Lab,*
  - *All The Activities Production Area Related Gold Product.*
- *The following interviews were conducted with management:*
  - *Mr.Hao Chang/Vice general manager,*
  - *Ms.Xiaoling Bao/Quality Director,*
  - *Ms.Tao Wang/Quality Manager,*
  - *Ms.Yuxing Chen/ legal specialist,*
  - *Mr.Shanxi Zhan/Sales manager.*
- *The following interviews with employees were conducted:*
  - *One employee from Settlement Center,*
  - *One employee from gold warehouse,*
  - *One employee from Lab,*
  - *two employees from refiner.*

*One employee from LBMA compliance committee*

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

There were no significant or inherent limitations or areas not covered that were within the assessment scope.

**Assessment criteria:**

- 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.





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- ✓ 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: Mr.Chuangen Wang/Leader auditor

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*Chuangen Wang*

Signature:

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Date: April 17th,2019

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