



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:	Great Wall Precious Metals Company Limited		
Reference Standard:	LBMA RGG & LBMA RSG	Other ref.: ISO 19011:2011	

Audit Team	
Team Leader:	Team Member:
Henry Teng	NA

Type of Audit	Date of Opening Audit	Date of Closing Audit	Total n° of man/days
Full assessment Audit	16/Jan./2019	18/Jan./2019	3
Assessment Review			
Follow-up Assessment			

Site(s) address(es):	191 Huangjin Road, Wenjiang, Chengdu, China
Refiner Contact Person: Name, Title: Email: Phone:	Name: Mr. Chen Jie
	Title: Deputy GM
	e-Mail: 540cj@163.com
	Phone: +8602882755607

	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:		Yes			

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

AUDIT SUMMARY

Basic Inputs

The last full assessment audit was carried out on 2017, and no NC was raised during the assessment audit on 2018, so this time is an assessment review for gold and a full assessment audit for silver for the first time. One auditor and 3 man days were arranged for this audit.



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

There are total 9 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): 8.38%

Type of companies: //Gold Mine Company

Forms of Gold: // Gold mine

Countries of provenance: // China

Artisanal mining operations: 0%

Type of companies: //

Forms of Gold: //

Countries of provenance: //

Traders / brokers: 20.43%

Type of companies: //Trading company

Forms of Gold: // 12.5 kg standard gold bar

Countries of provenance: // Standard Chartered Bank

Recycled material/collectors: 12.93%

Type of companies: // Bank

Forms of Gold: // recycle gold

Countries of provenance: // China

Industrial scrap providers: 0%

Type of companies: //

Forms of Gold: //

Countries of provenance: //

Others: 58.26%

Type of companies: // SGE (Shanghai Gold Exchange)

Forms of Gold: // 1kg, 3kg standard gold bar

Countries of provenance: // China

0 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.

There are total 6 silver supplier during the year 2018 (from Jan.1/2018 to Dec.31/2018)

The number of silver supplying counterparties is as follows:

Industrial mining operations (large or small scale): 59.44%

Type of companies: //Silver Mine Company

Forms of Silver: // Silver mine

Countries of provenance: // China

Artisanal mining operations: 0%

Type of companies: //

Forms of Silver: //

Countries of provenance: //



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

- Recycled material/collectors: 40.56%
Type of companies: // electrical company, metal company, coin making company
Forms of Silver: // recycle silver
Countries of provenance: // China

- Industrial scrap providers: 0%
Type of companies: //
Forms of Silver: //
Countries of provenance: //

- Others: 0%
Type of companies: //
Forms of Silver: //
Countries of provenance: //

0 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]:

The company is a state owned company with over fifty years for production of gold bars refinery process for the China Central Bank (China Peoples’ Bank). Since gold bars production and refinery process are controlled by the Chinese government, all transactions from gold mining, casting, refinery, packaging, distribution, import and export must be reported to authority and registered under the government institution.

The business process of the company is mainly to provide re-cycle gold and silver metal refinery services for foreign and domestic banking institutes. Because of the equipment and facility including testing methods are well developed and installed by the company, the company is also able to provide testing services to customers to determine the gold content percentage of gold bar. For example, customers may supply re-cycle gold bar to the company for refinery and then to ensure international standards for gold bar are met for trading.

The company and factory are also certified to meet ISO 9001, ISO 14001 and OHSAS 18001 standards and subject to regular and routine audit by third party.

The refiner activities remain unchanged since last assessment review.

Manual adequacy:

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

Since the company is a state owned company, all applicable statutory requirements are mandatory implemented and maintained.



March 2018

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The management systems added silver management according to RSG since the last assessment audit for gold

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

Based on LBMA gold compliance police, The refiner has developed the LBMA compliance policy 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.cdccgold.com/>. The policy provides an executive summary of the management systems and procedures governing the due diligence policy for gold & silver supply chains. The Policy was last updated in Jan. 2019.

The refiner has implemented an internal management structure to support supply chain of gold & silver in compliance with LBMA Responsible Gold Guidance and LBMA Responsible Silver Guidance. The LBMA compliance team is led by the Deputy General Manager with three compliance team members including the production manager, sales manager and account manager. Regular training sessions are held for all staff involved with or holding responsibilities related to the supply chain, as well as the management team. At least annually, usually an exam is provided after the training, the last training was conducted on Jan.8/2019 and the training records were kept well. However during last year, the training was only held for gold and not covering silver, so one low risk non-compliance was raised during this audit.

The Company Policy is communicated to all employees related to the gold & silver 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 & 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 through purchasing contract or commitment letter.

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

STEP 2: Identify and assess risk in the supply chain

The refiner has a system for assessing risk among Gold & Silver supplying counterparties according to the LBMA Responsible Gold Guidance and LBMA Responsible Silver Guidance. The system allows taking into account risks in the entire Gold & Silver supply chain from the point of origin to the refiner. The risk assessment applies to all inputs of mined Gold & Silver and recycled Gold & Silver 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.



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The refiner collects information to determine risk categories. The refiner has assigned a risk level to each gold & silver supplier. During the assessment period, all 9 gold suppliers and 6 silver suppliers are assigned as low risk

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 following documentation on file for each lot of Gold-bearing and Silver-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 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

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

This is the sixth year that the refiner completes an LBMA Gold Guidance and the first year that the refiner completes an LBMA Silver 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

The refiner publishes the LBMA Summary report and Company Policy on their website (<http://www.cdccgold.com/>).

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	2.1	✓				



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supply chain	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>	191 Huangjin Road, Wenjiang, Chengdu, China
<i>Assessment Period</i>	Jan.1/2018~Dec.31/2018
Assessment methodology:	
<ul style="list-style-type: none"> The evidence of compliance that was reviewed included: Gold and silver supplier chain policy, gold & silver supplier chain due diligence procedure, gold & silver source risk assessment procedure, gold & silver risk mitigation strategy, traceability system, training record, risk assessment record, business certification, mine certification, transaction record, gold & silver receiving book, gold & silver assay record, imp&exp record, etc. The following areas of the facility were visited during the tour: Office, warehouse, refine workshop, casting workshop, gold & silver product end-processing workshop, lab and all the activities production area related gold & silver product. The following interviews were conducted with management: Mr. Jie Chen, Deputy GM The following interviews with employees were conducted: Mr. Yulong Gao, Finance Mr. Jijun Zan, Warehouse Mr. Yong Liu, Sales Ms. Yu Jiang, Production 	
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:	



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March 2018

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- 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 & Silver Programme for the responsible sourcing of gold-bearing 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: Henry TENG

Signature:

Date: 18/Jan./2019