



KPMG Asesores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Independent Review Report to the Management of SEMPSA JP, S.A.

To the Management of SEMPSA JP, S.A.

In accordance with our engagement letter, SEMPSA JP, S.A. management has requested that we provide reasonable assurance on the Refiner's Compliance Report of SEMPSA JP, S.A. (hereinafter SEMPSA) for the year ended 31 December 2018 (hereinafter "the Report"), as set out on this report's annex.

Management responsibilities

SEMPSA management is responsible for the preparation and presentation of the Report in accordance with THE LBMA Responsible Gold and Responsible Silver Guidance (hereinafter "the Guidance"), as described in the Report.

Management is also responsible for the information and assertions contained within the Report and for establishing and maintaining appropriate performance management and risk management and internal control systems from which the reported performance information is derived. The criteria identified by the management as relevant for demonstrating compliance with the Guidance are the activities described within the Refiner's Compliance Report.

These responsibilities include establishing such controls as management determines are necessary to enable the preparation of reasonable assurance indicators that are free from material misstatement whether due to fraud or error.

Our Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Internal Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and, in conformity with this Standard, maintain a comprehensive system of quality control including documented policies and procedures regarding the compliance with ethical principles, professional standards and applicable legal and regulatory requirements.



Our responsibility

Our responsibility is to carry out a review to provide reasonable assurance on the preparation and presentation of the Report, and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB), with the guidance set out in the LBMA Responsible Gold Programme Third Party Audit Guidance for ISAE 3000 auditors (the Audit guidance) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatements.

Reasonable assurance over reasonable assurance indicators

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the indicators whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of SEMPSA internal control over the preparation and presentation of the Report.

Our engagement also includes assessing the appropriateness of the Report with the criteria of the Guidance, obtaining an understanding of the compilation of the non-financial information to the sources from which it was obtained, evaluating the reasonableness of the information.

Our multidisciplinary team included specialists in gold supply chain.

Inherent limitations

Non-financial information, such as that included in the Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by refiners to comply with the Guidance may differ. This report should by no means be considered as an audit report. It is important to read the SEMPSA gold supply chain policy available on SEMPSA's website <http://www.sempsajp.com/>.



Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Review Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

In our opinion SEMPSA's Refiner's Compliance Report for the year ended 31 December 2018, reviewed with reasonable assurance, in all material aspects, describes fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein, is in accordance with the requirements of the LBMA Responsible Gold and Silver Guidance.

Use and distribution

In accordance with the terms of our engagement, this Independent Assurance Report has been prepared for SEMPSA in relation to its 2018 "Refiner's Compliance Report" and for no other purpose or in any other context.

KPMG Asesores, S.L.

A handwritten signature in blue ink, appearing to read 'R. Pueyo Viñuales', written over a horizontal line.

Ramón Pueyo Viñuales

29 March 2019

REFINER'S COMPLIANCE REPORT

The standards of 'LBMA Responsible Gold Guidance' and the 'LBMA Responsible Silver Guidance' have established and confected a guide for all their associated members to fight against the abuse of Human Rights, to avoid the contribution to conflicts, in order to comply with the anti-money laundering regulations and avoid funding terrorism practices.

Based on this, SEMPSA JP has elaborated a procedure to control of the origin of gold and silver, thus showing the company's compliance with the requirements established in the LMBA guidelines.

This report summarises how SEMPSA Joyería Platería S.A. as a Good Delivery Gold and silver refiner has complied with the requirements of the Responsible Gold Guidance V8 and Responsible Silver Guidance V1.


	DETAILS OF THE REFINER
COMPANY NAME	SEMPSA JOYERÍA PLATERÍA, SA
LOCATION	AVENUE OF DEMOCRACY Nº13, MADRID
OTHER SALES CENTERS	CÓRDOBA: AIE Parque Joyero of Córdoba, Factory 75, Ctra. Palma del Río
ANNUAL REPORT	December 31st , 2018
DATE OF THIS REPORT	March 6th, 2019
SENIOR MANAGEMENT RESPONSIBLE FOR THIS REPORT	Yolinda Gómez De Prado
ASSESSMENT SEMPSA JOYERÍA PLATERÍA, S.A.	Refiners must comply with the following list of minimum requirements as described in the tables according to the LBMA Responsible Gold Guidance V.8 and LBMA Responsible Silver Guidance V.1 (http://www.lbma.org.uk/) thus showing their compliance with the mentioned regulations. When filling in the sections established below, the necessary justifications are provided.

TABLE 2: SUMMARY OF ACTIVITIES CARRIED OUT PROVE COMPLIANCE

STEP 1: ESTABLISHING A STRONG MANAGEMENT SYSTEM IN THE COMPANY

COMPLIANCE WITH THE REQUIREMENT

SEMPSA JP has fully complied with Step 1: Establishing a strong Integrated Management System in the company.

Has SEMPSA JP adopted a policy related to the Due Diligence for the gold supply chain?

YES

The version of the gold and silver supply chain policy dates from May 17th 2018 and adapts to the requirements listed in the 'Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High Risk Areas', the 'LBMA Responsible Gold Guidance' and the 'LBMA Responsible Silver Guidance'.

SEMPSA has established a policy regarding the supply chain to identify and control the risks of gold and silver acquisition from conflict or riskarea.

The mentioned policy is shown on SEMPSA's website (<http://www.sempsajp.com>). This document can be consulted internally, on the Company's Intranet and on the company's notice board. The policy has been attached to this document

Has SEMPSA JP established an internal structure to support the Due Diligence supply chain?

YES

In SEMPSA we are aware of the responsible supply chain policy and we have therefore described an internal structure to ensure the appropriate performance of the processes to be able to assure the suitable origin and traceability of gold and silver.

In procedure PG-17-COO- rev. 5 'Control of the Origin of Precious Metals', all processes for a responsible supply chain have been defined in detail. This structure can be completed by the organisation chart as an annex of the Integrated Management System Manual.

Has SEMPSA JP established a strong internal Due Diligence system, on the control and transparency of the gold supply chain, including the traceability and the identification of other participants in the supply chain?

YES

SEMPSA JP implemented the Integrated Management System some years ago, even previous to the 'LBMA Responsible Gold Guidance' standard. Strong administrative Due Diligence controls for all its suppliers had already been introduced, regardless of the nature of the metal (gold, silver or metals of the platinum group) or its origin.

The mentioned control processes have been strengthened with the implementation of procedure PG-1 7-COO-Rev 5 'Control of the Origin of the precious metals" more specifically joining all information about traceability of the metal, supplier assesment, actions against the possible risk identification, etc in one single document.

SEMPSA has appointed staff exclusively responsible for managing all Due Diligence documentation in a central file. From November 2014 this operational Technical Unit, complies with the legislative changes of the current regulation, established to prevent money laundering and funding terrorism.

The 'Compliance Officer' is responsible for the control of the metal purchases and checks its origin according to the ethical procedures set out by the LBMA. This officer is responsible for the assessment and follow-up of gold and silver suppliers, the collection all necessary information to comply with the Due Diligence, reports, audits of suppliers and the gold and silver supply chain, making sure that they are carried out in the most suitable way.

Has SEMPSA JP strengthened their commitment to the supply to third parties where ever possible, and have they helped when supplying these third parties in their potential development of Due Diligence?

YES

As explained above, the Gold and Silver Supply Chain policy is available on our website for all parties interested. Likewise it invites you to follow the mentioned guidelines set out in this document and provides for the implementation of the stipulated standards. To strengthen this issue, the sales department emails suppliers and customers asking them to join us on the ethical and moral principles. As proof hereof, an example is included in Annex II.

STEP 2: IDENTIFICATION AND RISK ASSESSMENT IN THE SUPPLY CHAIN

COMPLIANCE WITH THE REQUIREMENT

SEMPSA JP has fully complied with Step 2: Identification and risk assessment in the supply chain.

Does SEMPSA JP have a process in place to identify the risks in the supply chain?

YES

The company guarantees not to establish any commercial relationships with those suppliers who do not comply with one of the points dealt with in our policy and has established a range of detailed steps to follow in the procedure. Introducing a transparent system to check the origin of gold and silver, collect information on the suppliers and their assessment is the main basis to reduce to the maximum any possibility to acquire gold and silver of doubtful ethical origin.

PG17-COO-rev.5 The classification of suppliers has been categorised in 'high risk' or 'moderate risk' based on the risk level associated to what was concluded from the obtained information, through any of the channels indicated in the procedure.

To identify the risk, attention is paid to the following points:

- Origin and/or country of transit of the metal (extra-communitarian, without anti-money laundering legislation, anti-corruption and /or similar, tax haven, etc)
- Features of the supplier such as location or the one of its branches, owners, staff, linked to non- governmental groups, use of agents, directly or indirectly linked to people who are politically exposed, etc.
- Several circumstances generating reasonable suspicion.

This is all included in the File Fact of the Client/Supplier at the sales department. To check the information formal and informal face to face visits are held at suppliers requesting reports from third parties etc. New requirements to be requested were introduced in cases where there might be possible trade with companies supplying gold from mining.

Other points to strengthen the control of the gold supply chain are the following:

- ❖ Make payments only through the banking system.
- ❖ Collaborate with the official agencies in charge of the control of different aspects of sales transactions.
- ❖ Distributing transparency policies among all suppliers.

Likewise since the year 2013 services of the digital platform www.dowjones.com can be used as a source of information. We can thus maximize the identification of people who are politically exposed or involved in cases of corruption.

We have foreseen to start with the use of another type of data base, complementing the collected information, such as for example the Heidelberg Conflict Barometer.

Does SEMPSA JP assess the risks defined in the regulations of their Due Diligence system?

YES

Any real or potential risk is recorded in the fact file of the client/supplier, and can be consulted, extended or updated at any moment in the central files of the Technical Unit.

In procedure PG-17-COO rev.5 an alternative has been included as commented before, to carry out the transactions with mining companies, although at present it is not physically feasible yet.

The Declaration regarding the real identification of the client or legal person after the last legal modifications was included.

In case irregularities were to be detected, the supplies shall be rejected or if the importance of the supply recommends so, the homologation or checking of the data shall be studied in depth. Likewise the data collected in the client's fact file shall be checked and updated by the sales department previous to the metal supply.

Does SEMPSA JP report the risk assessment to General Management?

YES

General Management reviews and approves the Due Diligence files and their reviews afterwards. In this way they are informed on the results of the risk analysis and on all the information gathered on the supplier.

In case suppliers with a high risk level were detected, the Compliance Officer will write a report for General Management, when appropriate, in which the reasons for the mentioned classified risk level are detailed, the proof of such status, the period of time in such status, the historical operations carried out and the comments of interest are described. That is: SEMPSA General Management shall be immediately informed after a case of rejection of a supplier or product arises, for not having passed the risk assessment.

There is a plan to review and periodically update the Due Diligence Files. The company's General Management shall periodically assess, minimum once a year, the control's strategy and response to the risks and results produced by the suppliers classified as red flag or those who in whom certain anomalies were detected.

As such the files are being complemented with the new requirements appearing in the legislation and complementary documentation is attached as well; such as certificates of Responsible Jewellery Council (RJC) and/or Electronic Industry Citizenship Coalition (EICC) for or adhesion to initiatives, like the one of the OECD, for those suppliers who have them.

STEP 3: DESIGN AND IMPLEMENT A MANAGEMENT SYSTEM TO RESPOND TO THE RISK IDENTIFICATION
COMPLIANCE WITH THE REQUIREMENT

SEMPSA JP has fully complied with Step 3: Design and implement a management system to respond to the risk identification.

Has SEMPSA JP foreseen a strategy for risk management of an identified risk in case of:

- a) Mitigation of risks while the transactions are going on? YES
- b) Mitigation of risks while business is stopped? YES
- c) De-linking to the risks? YES

YES

In case any risk assessment shows unequivocally proof of or probability of high risk in the any of the steps of the supply chain, the entry of metal of this origin is immediately stopped. Afterwards, if the product has arrived at our facilities it shall be duly identified and put into quarantine until new orders. The Compliance Officer shall be informed and shall initiate the necessary investigations until the situation is clarified.

In case the risk was detected in documents, any transaction of this origin shall be detained until clarifying.

The Compliance Officer shall collect the necessary information to solve any issue involving risks, (through audits, visits, request of documentation, hiring external services or any other means necessary).

Under no circumstances shall the company work with suppliers whose risk level has been determined as 'high risk' at the risk assessment or has changed to 'high risk' coming from a lower level. These suppliers shall immediately be eliminated from the data base of active suppliers and the mentioned status shall be notified of on the cover of the Due Diligence file so as to avoid any confusion.

In order to eliminate potential sources of risk to be detected, the Compliance Officer will be requested to open up a non-conformity report to propose the appropriate corrective actions to prevent their reproduction. The main risks to be analysed are the following:

- By country of origin of gold or of gold or silver transit:
 - Country of origin or transit considered area of conflict or of high risk.
 - Country without gold or silver reserves.
 - Country without legislation on anti-money laundering, anti-corruption and similar.
 - Country where it is the habit to pay cash.
- By supplier:
 - Supplier operating in any of the areas mentioned previously or with connections of any kind with them.
 - Supplying company whose owners are located in these areas.
 - Unjustified use of intermediates.
 - Among its owners there is a person who is politically exposed or involved in cases of corruption or money laundering.
 - Direct or indirect link with non-governmental armed groups.
 - Absence of partial or full documentation required from the clients, suppliers in the procedures of SEMPSA JP or by the legislation in force.
- By circumstances: Any anomalous circumstance leading to reasonable suspicion.
- By product: Products for recycling with gold contents far from the usual ones.

	<p>For example with gold content of 90% may suggest alluvial gold mining has been directly transformed into jewellery. Important change in the kind of material supplied by a habitual supplier, without any reasonable justification. Considerable and non-justified increase of quantities provided by a supplier. Incoherence between documentation provided and inspection of the material received. Distortion in the documentation or information delivered.</p>
<p>Where a management strategy to mitigate the risk is carried out measurable steps must be included, which must be taken and reached with a follow-up on action, periodical new risk assessments and regular reports for General Management.</p>	
<p>YES</p>	<p>It is SEMPSA JP 's policy not to purchase any metal from a supplier whose origin poses a high risk, as such avoiding the main risk identified in the Guide published by the OECD Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas. (Figure 1.)</p> <p>Likewise, if in the homologation process of the supplier high risk arises, this supplier shall not be listed under any circumstances.</p> <p>In this way we get to mitigate the risk of using gold coming from an incorrect origin, which is a fact that can be measured by our sales team when checking the Fact file of the Client/Supplier.</p>
<p>STEP 4: AGREEMENT TO HAVE AN INDEPENDENT AUDIT ON THE SUPPLY CHAIN BY A THIRD PARTY</p>	
<p>COMPLIANCE WITH THE REQUIREMENT</p>	<p>SEMPSA JP has fully complied with Step 4: Agreement to have an independent audit on the supply chain by a third party.</p>
<p>YES</p>	<p>The independent company chosen is KPMG, who will carry out the annual review based on the ISAE 3000 standard, proving that SEMPSA JP complies with the requirements established in the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance.</p>
<p>STEP 5: REPORT OF THE SUPPLY CHAIN OF DUE DILIGENCE</p>	
<p>COMPLIANCE WITH THE REQUIREMENT</p>	<p>SEMPSA JP has fully complied with Step 5: Report of the supply chain of Due Diligence.</p>
<p>YES</p>	<p>For more detailed information and specific facts on how the Integrated Management System works including the control process of the gold supply chain, through control devices, procedures and records were introduced to check up on the requirements of the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance, they have been introduced in our gold and silver supply chain policy, which in turn is available on our webpage as mentioned before.</p>
<p>CONCLUSIONS ABOUT SEMPSA JP</p>	<p>The conclusions have been included in Table 3 below.</p>

TABLE 3: CONCLUSION ON MANAGEMENT

Does SEMPSA JP comply with the requirements of the “LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance “for the period reported?”

YES

General Management of SEMPSA Joyería Platería SA is fully and continuously involved in the gold and silver supply chain, considering and taking on this issue as one of their own tasks, thus turning it into an icon of reference for the rest of the employees. The system must continue with its natural evolution in continuous improvement year after year, achieving more involvement and a clear trend towards excellence in this matter.

A set of measures of action were introduced to detect irregularities which are promptly arranged for by the employees who are involved in the process. Thus, the company guarantees that the requirements of the LBMA are accomplished. To conclude; SEMPSA Joyería Platería S.A. has satisfactorily implemented processes, procedures and practices in integrated management system to be able to comply with the requirements of the LBMA Responsible Gold Guidance and LBMA Responsible Silver Guidance standards.

It is the intention of SEMPSA JP Management that this system becomes part of both the continuous improvement process and of their working philosophy which is something to be understood and applied by all staff. Therefore, periodical actions of awareness and training are provided to manage that those responsible for each process, are able to detect real or possible situations on their own account, which in future may result in Non Compliance.

The staff involved in the elaboration of the client’s or the precious metal supplier’s fact files and in the risk analysis in the supply chain, has been trained in the issues basis of the audit.

The training shall be annually planned and shall be part of the annual training plans, as described in the Integrated Management System.

During 2019 the technical and human resources will be allocated for the best management, in terms of processing and filing the ‘Due Diligence’ documentation in the Technical Unit. SEMPSA Joyería Platería S.A. has compromised itself to remain willing to continuously improve and shall internally follow any corrective action, according to the established in our procedure on non-compliance and on corrective and preventive actions. And lastly; it is approved that a new Compliance Refiner Report is going to be conducted for the first quarter of 2020.

TABLE 4: CONCLUSION ON MANAGEMENT

Sempsa is responsible for the preparation and presentation of the information contained in this report that has been obtained from the documentation and records on the control of the gold supply chain.

Based on the list of active suppliers in 2018, KPMG has designed its data samplings to review the application of our Due diligence process. The result of this assurance process will be published on Sempsa's Joyería Platería SA website, including, among other aspects:

- ❖ SEMPSA JP's policy on the control of ethical origin of precious metals.
- ❖ Risk control in the supply chain.
- ❖ General data on the development of the audit: dates, audit team, methodology followed, etc.
- ❖ Most important conclusions of the audit, except those data which may be considered as confidential.

COMMENTS

The audit carried out by the independent entity regarding the fiscal year 2018, was brought forward to the first quarter of 2019. No changes in the work schedule are foreseen and shall be kept henceforth.

During the fiscal year 2018, no significant changes have been generated that directly affect the processes involved in the precious metals supply chain.

During fiscal year 2019, we will continue to improve and show transparency in all our business processes, positioning ourselves against corruption, fraud and money laundering, establishing the ethical, moral and social guidelines to follow, in all our activities and safeguarding the ethical integrity of our business relationships with any entity or individual.

The audit of the current fiscal year has been planned to be developed, in the first quarter of 2020. The person to contact in case of questions or doubts rosen after reading this report, is: Yolinda Gómez De Prado, ygomez @ sempsajp.com, Tel. +0034 682849368

ANNEX 2.EMAIL TO THE SUPPLIER

From: Julia de los Llanos [[mailto: jllanos@sempsajp.com](mailto:jllanos@sempsajp.com)]

Sent on: Tuesday September 18, 2018 13:14.

For: Julia de los Llanos [[mailto: jllanos@sempsajp.com](mailto:jllanos@sempsajp.com)]

Issue: CHAIN POLICY FOR THE SUPPLY OF PRECIOUS METALS

Dear customers and clients,

A few years ago we implemented our Integrated Management System following the standards UNE-EN ISO 9001: 2015, UNE-EN ISO 14001: 2015, OSHAS 18001: 2007 and UNE-EN ISO / IEC 14025, to fully comply with the requirements and expectations of our customers and suppliers.

Last year we introduced a new "PRECIOUS METALS SUPPLY CHAIN POLICY" about which we inform you about. These procedures are based on ethical principles that help us develop our activity and range from respect for people to environmental problems.

Although you already have the information available on our web page, I have allowed myself to attach once more the document that contains our Policy on the Precious Metals Supply Chain. In this Policy, the principles on which our company relies on the supply of precious metals have been described in great detail.

On this occasion, in addition to informing you, we would like to ask you to join us in this policy, at least in the terms and ethical principles contained in it.

We would like to thank you sincerely for your help in advance and would like to ask you to respond by mail, or to the address or by fax that is indicated below, if you agree with this subject.

Best regards.

Julia de los Llanos
Sales Manager



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