

# **LBMA Responsible Gold Programme**

## **LBMA Third Party Audit Guidance**

**Version 3 01/09/2017**

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# Definitions and Concepts

Key: — References to ISO 19011:2011 approach (turquoise coloured line on right side of page)  
 — References to ISAE 3000 approach (purple coloured line on right side of page)

## ISO 19011:2011 International Standard

The ISO 19011:2011 Standard provides guidelines for the independent third-party auditing of management systems. It provides guidance on:

- The principles of auditing;
- Management of auditing programmes;
- Conduct of management systems audits;
- Competence of management systems auditors.

Table 1: Key characteristics of an ISO 19011:2011 management systems audit

Key characteristics of an ISO 19011:2011 management systems audit
<ul style="list-style-type: none"> <li>■ Audit preparation: initiation of the audit; pre-audit documentation review; preparation of on-site activities;</li> <li>■ Conduct of on-site activities;</li> <li>■ Preparation and distribution of audit report;</li> <li>■ Audit follow-up activities.</li> </ul>

## ISAE 3000 Assurance Engagements

*International Standard in Assurance Engagements ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) is a commonly applied standard for non-financial reporting engagements. It is issued by the International Auditing and Assurance Standards Board (IAASB).

Table 2: Key characteristics of an ISAE 3000 Assurance Engagement

Key characteristics of an ISAE 3000 Assurance Engagement
<ul style="list-style-type: none"> <li>■ Three-party relationship (between company management, auditor and intended users of the assurance report);</li> <li>■ Designed to enhance the confidence of intended users;</li> <li>■ Evaluates the subject matter against the suitable criteria;</li> <li>■ Risk assessment, plan and perform assurance procedures to obtain sufficient appropriate evidence to form a conclusion;</li> <li>■ The output is an independent assurance report.</li> </ul>

## Definitions

**AML-CFT:** Anti-money laundering – combating the financing of terrorism.

**Assessment Review:** Applicable to ISO 19011 assessments only, an annual re-assessment for Refiners found compliant or low-risk non-compliant. The scope of the assessment review includes any significant changes to the Refiner's systems, policies, procedures, processes and activities in the assessment period, the review of implementation of all corrective actions for low-risk non-compliances as well as the review of documentation in accordance with the sampling guidelines as determined in the LBMA Third-Party Audit Guidance for assessment reviews.

**Auditor:** For the purpose of this document, an auditor refers to practitioners, assurance providers, auditing bodies, service provider, assessors or assessment team.

**Assurance:** The carrying out of assurance is referred to as an assurance engagement. This is defined by ISAE 3000 as follows:

- A process where a practitioner evaluates or measures a subject matter that is the responsibility of another party against suitable criteria.
- Based on that evaluation, an independent assurance report is prepared that expresses a conclusion to provide the intended users with a degree of confidence about the subject matter.

**Beneficial Owner:** Beneficial owner refers to the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control (over 25%) over a legal person or arrangement.

**Contribution to conflict:** Contribution to armed aggression between two or more parties which leads to human rights abuses. The parties in the conflict may include government, militia, organised criminals or terrorist groups.

**Excluded gold-bearing material:** Gold-bearing material which, due to its properties or requirements for processing, presents minimal risks to contribute to conflict or other forms of human rights abuse in the supply chain is excluded from the third-party audit. This includes, gold obtained from the mining and processing of other metals such as copper sulphide and oxide ores as well as low-value industrial by-products such as furnace or flue dust, spent crucibles and floor sweepings, or residue cell slimes from refining of other metals.

**Follow-up audit:** A separate audit of the Refiner's Corrective Action Plan relating to any high-risk non-compliances.

**Full assessment:** Applicable to ISO 19011 assessments only, an initial on-site assessment, a re-assessment every three (3) years for Refiners found compliant or low-risk non-compliant, or an annual re-assessment for Refiners found medium- or high-risk non-compliant. A full assessment covers all areas of the *LBMA Responsible Gold Guidance* and must be in accordance with sampling guidelines as determined in the LBMA Third-Party Audit Guidance for full assessments.

**Multi-Metal Audit:** Where auditors are engaged by a Good Delivery Refiner to perform either a combined ISO 19011 assessment or an ISAE 3000 assurance engagement on a Refiner's *LBMA Responsible Gold Guidance* and *LBMA Responsible Silver Guidance* simultaneously. In this instance auditors should refer to additional Guidance provided in *LBMA Responsible Sourcing Guidance*.

**Gold origin:** The origin of Mined Gold is where the mine is located. The origin of recyclable gold is considered to be the point in the gold supply chain where the gold is returned to the Refiner. The origin of by-product gold should be deemed to be the point where trace gold is first separated from its original mineral ore (e.g. the Refiner). The Refiner's due diligence should ensure that false representations are not made to hide the origin of newly Mined Gold through mining by-products.

**Gold Refiner:** An entity that carries out Gold Refining.

**Gold Refining:** Metallurgical operations that add value and produce fine gold with a concentration of 995 parts per thousand or higher from gold and gold-bearing materials, usually beginning with lower concentrations, including ancillary activities such as sampling, laboratory analysis and assay, etc.

**Gold supplying counterparty:** A gold supplier that is directly engaged with a gold Refiner.

**Grandfathered stocks:** Gold investment products (ingots, bars, coins and grain in sealed containers) held in bullion bank vaults, central bank vaults, exchanges and refineries with a verifiable date prior to 1 January 2012, which will not require a determination of origin. Grandfathered stocks include stocks held by a third-party on behalf of the listed entities.

**High-risk:** For the purpose of this *Guidance*, *high-risk* may apply to any or all parts of a gold supply chain and any actor in a gold supply chain that is at a higher risk of being associated with or contributing to armed conflict, widespread violence, systematic or widespread human rights abuses, money laundering or financing of terrorism.

**Human rights:** For the purpose of this *Guidance*, human rights are those defined in the International Bill of Human Rights. The Bill includes the Universal Declaration of Human Rights (1948), the International Covenant on Economic, Social and Cultural Rights (1966), the International Covenant on Civil and Political Rights (1966) as well as its two Optional Protocols.

**Limited assurance:** Applicable to ISAE 3000 engagements only, a lower level of assurance where a negative form of expression is issued. The objective of a limited assurance engagement is to reach a conclusion that is meaningful and not misstated based on the work performed.

**Lot:** See *definition of transaction*.

**Know Your Customer (KYC):** This is the process of a business identifying and verifying the identity of its counterparts and establishing the facts to have a clear understanding of the nature and background of the relationship.

**Mined Gold:** Gold that originates from mines (large-scale, medium-scale or artisanal/small scale mines) and has never been previously refined. This term means any gold or gold-bearing material produced by or at a mine, in any form, shape and concentration until it is fully refined (995 parts per thousand or greater), fabricated into a gold Refiner product (e.g., bar, grain) and sold.

**Money laundering:** Money laundering is the practice of disguising the origins of illegally obtained money. Ultimately, it is the process by which the proceeds of crime are made to appear legitimate. The money involved can be generated by any number of criminal acts, including drug dealing, corruption and other types of fraud. There are various methods by which money may be laundered and these can range in sophistication from simple to complex.

**Objective evidence:** Verifiable information, obtained from documents, records, observations and/or statements of facts.

**Politically exposed persons (PEPs):** *Foreign PEPs* are individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government,

senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials. *Domestic PEPs* are individuals who are or have been entrusted domestically with prominent public functions, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials. *Persons who are or have been entrusted with a prominent function by an international organisation* refers to members of senior management, i.e. directors, deputy directors and members of the board or equivalent functions. The definition of PEPs is not intended to cover middle-ranking or more junior individuals in the foregoing categories.

**Reasonable assurance:** Applicable to ISAE 3000 engagements only, a higher level of assurance where a positive form of expression is issued. The objective of a reasonable assurance engagement is to reach an opinion on whether the subject matter is materially free from misstatement.

**Recycled gold:** Gold that has been previously refined. This term traditionally encompasses anything that is gold-bearing and has not come directly from a mine in its first gold life cycle. In practical terms, recyclable material includes end-user, post-consumer products, scrap and waste metals, and materials arising during refining and product manufacturing, and investment gold and gold-bearing products. This category may also include fully refined gold that has been fabricated into grain, Good Delivery bars, medallions and coins that have previously been sold by a Refiner to a manufacturer, bank or consumer market, and that may thereafter need to be returned to a Refiner for verification and/or re-refining to reclaim their full financial value.

**Refiner:** For the purpose of this *Guidance*, a gold Refiner accredited by the LBMA to produce Good Delivery gold bars.

**Serious human rights abuse:** For the purpose of this *Guidance*, serious human rights abuse includes at least the following: genocide; slavery and slavery-like practices; summary or arbitrary executions; torture and cruel, inhuman or degrading treatment or punishment; enforced disappearance; arbitrary and prolonged detention; deportation or forcible transfer of population; systematic discrimination, in particular based on race or gender, and the worst forms of child labour.

**Supplier:** This term refers to any individual or organisation who is considered to be a participant in the supply chain for the supply of gold and gold-bearing materials.

**Terrorist financing:** Terrorist financing includes the financing of terrorist acts, terrorists and terrorist organisations.

**Transaction:** A specific amount of gold-bearing material, self-contained and identifiable as a separate entity in the Refiner's records as material received and processed by the Refiner. A transaction may be referred to as lot, sub-lot, batch, package, shipment or any other separate entity.

**Verifiable date:** A date that can be verified through inspection of physical date stamps on products and/or inventory lists. The requirements applicable to Refiner's grandfathered stocks with a subsequent date, or without a verifiable date, are the same as for other gold-bearing material; that is, a Refiner must provide the same level of source/mine documentation.

# 1 Introduction

## 1.1 Background

### Quick Guide:

This section provides an overview of the purpose of the LBMA Third-Party Audit Guidance and how the *Guidance* document should be read by auditors and Refiners.

It further outlines key similarities and differences between the ISAE 3000 assurance and ISO 19011:2011 Standard auditing approaches.

The London Bullion Market Association (“LBMA”) requires all Refiners producing Good Delivery gold bars (“Refiners”) to comply with the *LBMA Responsible Gold Guidance*. The *LBMA Responsible Gold Guidance* (“the *Guidance*”) aims at combating systematic or widespread abuses of human rights, avoiding contribution to conflict and expects Refiners to comply with high standards of anti-money laundering and combating terrorist financing activities. Step 4 of the *Guidance* requires Refiners to arrange for an independent third-party audit of the supply chain due diligence. Annual third-party audits are required for any Refiner accredited by the LBMA so as to ensure continuous monitoring and (where applicable) improvement of responsible gold sourcing practices.

The *Guidance*, together with the Third-Party Audit Guidance, should be applied in good faith by refiners and auditors and in the spirit of responsible engagement across refiners’ supply chains. The notion of meaningful, measurable improvement should also underpin refiners’ practices, where possible.

### LBMA Third-Party Audit Guidance

The LBMA Third-Party Audit Guidance is intended for use by auditors (also known as practitioners, assurance providers, auditing bodies, assessors or assessment teams) who have been engaged to perform a third-party audit of the Refiners’ gold supply chain in accordance with Step 4. It sets out guidance on the application of audit concepts and requirements specific to these types of audit engagements. This document also provides practical guidance on audit testing, audit deliverables and the audit implications associated with non-compliances.

Refiners should refer to this document (along with the LBMA Toolkit) to understand the elements of the third-party audit and to assist them in establishing monitoring activities over their compliance with the *Guidance*. Refiners may be asked to justify any substantive deviations from the Toolkit (comply or explain).

The LBMA recognises that there are different types of audit approach that Refiners may be used to or are more familiar with. For this reason, the LBMA will accept an audit engagement performed in accordance with the internationally recognised auditing standard ISO 19011:2011 or the non-financial assurance standard ISAE 3000. This document contains guidance with respect to ISO 19011:2011 and ISAE 3000. Throughout the document, the two approaches have been delineated in different colours: turquoise for ISO 19011:2011 and purple for ISAE 3000.

Consequently, the LBMA Third-Party Audit Guidance allows for Refiners to adopt an assurance approach, based on ISAE 3000, or a management systems audit approach, based on ISO 19011:2011. Refiners may choose either approach in order to complete Step 4 of the *LBMA Responsible Gold Guidance*. It is not possible to elect both audit approaches or a combination. ISAE 3000 engagements are usually performed by professional service audit firms and ISO 19011:2011 engagements by certification firms. **Both approaches are recognised by the LBMA as being equally able to fulfil the requirements set out in Step 4. However, particularly for refiners operating in, or processing material from high, risk areas an ISAE 3000 engagement is considered best practice by LBMA.**



Table 3: Similarities in ISAE 3000 and ISO 19011 auditing approaches

**Similarities in ISAE 3000 and ISO 19011 auditing approaches**

**Responsibility for implementation:**

The responsibility for implementing systems, processes and procedures to comply with the *LBMA Responsible Gold Guidance* lies exclusively with the Refiner.

**Public report on compliance:**

The Refiner is required to report publicly on its gold supply chain due diligence policies and practices (Step 5 of the *LBMA Responsible Gold Guidance*). The LBMA Summary Report (for ISO 19011) or the Assurance Report in combination with the Refiner's Compliance Report (ISAE 3000) should be published.

**External audit:**

The implementation of the *LBMA Responsible Gold Guidance* by the Refiner requires an independent third-party audit. This enhances the degree of confidence in the publicly disclosed information communicated by the Refiner regarding the gold supply chain.

**Regular audits:**

The implementation of the *LBMA Responsible Gold Guidance* is a continuous process. As such, regular third-party audits are required every twelve (12) months to three (3) years. Although the scope for each engagement may differ, both third-party audit approaches will respond to increased levels of risk associated with a Refiner's practices by increasing the frequency and depth of verification procedures.

**Auditor competency:**

Auditors should be qualified to assess the Refiner's level of compliance with the *LBMA Responsible Gold Guidance*. This Guidance defines skills and competencies that auditors should have so as to ensure consistency among all third-party audits conducted.

**Deliverables:**

There are two (2) audit deliverables for each third-party audit approach:  
 ISO 19011: 2011: the LBMA Summary Report and LBMA Refiner Report, including Countries of Origin Annex for mined and recycled gold;  
 ISAE 3000: the Independent Assurance Report and Management Report, including Countries of Origin Annex for mined and recycled gold.

**Corrective Action Plan:**

If any aspect of the Refiner's systems and processes is not compliant with the requirements of the *LBMA Responsible Gold Guidance*, the Refiner is required to complete a Corrective Action Plan. The Corrective Action Plan will be submitted to the LBMA Executive, if it includes medium-risk, high-risk or zero-tolerance non-compliances.

**Follow-up audit:**

Where the Refiner has any high-risk non-compliance, a separate audit must be performed on the actions that the Refiner has taken to address the high-risk non-compliance(s) within ninety (90) days following the completion of a third-party audit.

**Where the auditing approaches between ISAE 3000 and ISO 19011 differ, each approach is described separately in this document. Auditors and Refiners should refer to the audit approach adopted (delineated in different colours: turquoise for ISO 19011: 2011 and purple for ISAE 3000).**

Table 4: Key differences in ISAE 3000 and ISO 19011 auditing approaches

Key differences in ISAE 3000 and ISO 19011 auditing approaches	
ISAE 3000 approach	ISO 19011:2011 approach
<p><b>Refiner’s Public Report</b></p> <p>Refiners are required to prepare and publish a “Refiner’s Compliance Report,” which summarises details of how the Refiner has complied with the requirements of the <i>LBMA Responsible Gold Guidance</i>, including a description of activities and overall conclusion.</p>	<p>ISO 19011 does not require a Refiner to issue any report prior to the third-party audit. Refiners are encouraged to complete a Self-Assessment prior to the third-party audit.</p>
<p><b>Audit Scope</b></p> <p>To provide a reasonable or limited assurance conclusion on whether the Refiner’s Compliance Report describes fairly the activities undertaken to demonstrate compliance, and that management’s overall conclusion is in accordance with the requirements of the <i>LBMA Responsible Gold Guidance</i>.</p>	<p>An assessment of the level of compliance of the Refiner’s systems, processes, procedures and practices with the requirements defined in the <i>LBMA Responsible Gold Guidance</i>.</p>
<p><b>Use of the Third-Party Audit Guidance and audit standards</b></p> <p>This document provides guidance on the application of ISAE 3000 to this specific type of engagement and on potential assurance issues that may arise when performing this type of engagement. It is intended for use by auditors who plan to perform ISAE 3000-type assurance engagements and provides technical guidance in the application of ISAE 3000 requirements to promote quality and consistency in the conduct of assurance engagements across LBMA Good Delivery Refiners.</p> <p><b>The Third-Party Audit Guidance is not intended to be an assurance standard, and the expectation is that auditors will apply the requirements of ISAE 3000.</b></p> <p>Note: In some jurisdictions, there may be alternative assurance standards that can be applied. This includes local assurance standards issued by International Federation of Accountants (IFAC) member bodies that comply with or are equivalent to the requirements of ISAE 3000. ISAE 3000 engagements are designed to be used with the International Standard on Quality Control (ISQC) 1 issued by the International Ethics Standards Board for Accountants (IESBA), which establishes minimum quality control standards.</p>	
	<p>Auditors should perform their assessment based on the LBMA Third Party Audit Guidance. ISO 19011 is a recognised international standard providing guidance on the principles of auditing, managing auditing programmes, the conduct of management systems audits as well as the qualification of auditors.</p> <p><b>The LBMA Third-Party Audit Guidance is based on ISO 19011 guidelines, and auditors are expected to apply the requirements outlined in this document.</b></p> <p>No alternative standards need to be considered when carrying out the assessment.</p>

**Key differences in ISAE 3000 and ISO 19011 auditing approaches**

**ISAE 3000 approach**

**ISO 19011:2011 approach**

**Type of Engagement**

The auditor issues an independent assurance report for the stated reporting period, which expresses a conclusion designed to enhance the degree of confidence of intended users in the Refiner's reporting on compliance with the *LBMA Responsible Gold Guidance*.

For these types of engagements, a three-party relationship exists between the auditor, responsible party and intended users of the report. Appendix 3 explains the responsibilities of the three-party relationship with respect to the *LBMA Responsible Gold Guidance* assurance engagement.

ISAE 3000 applies a risk-based approach. The auditor must undertake a number of responsibilities throughout the engagement. This includes performing a risk assessment, planning and performing assurance procedures, gathering sufficient appropriate assurance evidence and performing an overall evaluation to form the assurance conclusion.

Assurance procedures are designed by the auditor based on the output of the auditor's planning and risk assessment, which is unique for each engagement. Risks are considered when there exists a reasonable possibility of a material misstatement in the disclosures in the Refiner's Compliance Report. It is therefore not possible to prescribe the assurance procedures that should be performed (or the sample sizes to be selected). Some example assurance activities are provided in Appendix 3.

ISO 19011 applies to the assessment of management systems. Auditors are required to evaluate the existence and implementation of appropriate systems at the Refiner, addressing all areas covered by the *LBMA Responsible Gold Guidance*.

The assessment includes a pre-assessment phase for the gathering of information related to the determination of the assessment scope, the conduct of an on-site visit to gather and evaluate objective evidence as well as a reporting phase to communicate assessment conclusions.

The evaluation of objective evidence is risk-based. Any actual or potential gaps in the Refiner's systems in regards to the LBMA requirements are rated in accordance with the level of risk each presents to the credibility and integrity of the LBMA system for the responsible sourcing of gold-bearing materials.

Assessment procedures are consistent for each assessment carried out. Therefore, procedures are prescriptive and include guidance on the time spent at each audited site as well as the determination of representative sample sizes.

**Deliverables**

The audit deliverables are:

Independent assurance report addressed to the Refiner's Board of Directors or management, which states the auditor's conclusion. The assurance report should be publicly disclosed alongside the Refiner's Compliance Report; and the Management Report, which includes details on assurance findings and recommendations for correction actions.

The Countries of Origin Annex which lists the countries of origin and amounts of mined and recycled gold received during the assessment period which does not have to be made public.

The audit deliverables are:

Summary Report that includes summary information on the level of compliance of the Refiner with the requirements of the *LBMA Responsible Gold Guidance*, publicly disclosed, and the

Refiner Assessment Report, which includes detailed information on assessment findings and recommendations for corrective actions.

This report includes a Countries of Origin Annex which lists the countries of origin and amounts of mined and recycled gold received during the assessment period which does not have to be made public

## 1.2 Implementation of the Responsible Gold Guidance, Step 4

### Quick Guide:

This section defines the Refiner's location(s) and operation(s) covered by Step 4 of the *LBMA Responsible Gold Guidance*.

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Implementation of Step 4 of the *LBMA Responsible Gold Guidance* is mandatory for LBMA Good Delivery Gold Refiners. Gold refineries that are not producing Good Delivery gold bars may access the *Guidance* and may choose to apply any or all aspects to their operations.

Each individual Refiner accredited with the LBMA must be subject to a separate audit.

The audit scope does not cover operations of business partners of the Refiner or operations of a Refiner that are not related to Gold Refining.

For each site visited by the auditor, all organisational units involved in the Refiner's gold supply chain due diligence measures for gold-bearing material are to be considered during the audit. All gold-bearing material received within the audit period for the purposes of gold refining shall be included in the audit scope. This includes any mined, recycled or grandfathered gold-bearing material received by the Refiner.

Gold-bearing material that, due to its properties (e.g. low gold content) or requirements for processing, presents minimal risks to contribute to conflict or other forms of human rights abuse in the supply chain is excluded from the third-party audit. This includes gold obtained from the mining and processing of other metals such as copper sulphide and oxide ores as well as low-value industrial by-products such as furnace flue dust, spent crucibles and floor sweepings, or residue cell slimes from refining of other metals.

## 1.3 Timing of audits

### Quick Guide:

This section outlines the frequency of third-party audits required under the *LBMA Responsible Gold Guidance*.

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Refiners producing Good Delivery gold bars were required to commence implementing the *LBMA Responsible Gold Guidance* from 1 January 2012. The first audit is recommended to take place no later than three (3) months following the completion of the Refiner's first annual financial reporting period that begins on or after 1 January 2012.

Where the ISAE 3000 audit approach is adopted, Refiners should issue their Refiner's Compliance Report and obtain independent assurance within three (3) months following their financial year-end.

Table 5: Audit Frequency

Audit Frequency	ISO 19011:2011	ISAE 3000
<b>First year and every three (3) years</b>	<p>Full assessment.</p> <p><i>* the frequency may be increased if medium or high-risk non-compliances are identified (refer to <a href="#">Section 4.3. Re-Assessments</a>) or if necessary for the Refiner to comply with other initiatives.</i></p>	<p>Reasonable assurance.</p> <p><i>* may be chosen by the Refiner for each year.</i></p>
<b>Every twelve (12) months</b>	<p>Assessment review.</p> <p><i>* carried out annually, within three months of completion of the financial year. Assessment reviews may only be carried out if the refiner was fully compliant the previous year.</i></p>	<p>Limited assurance.</p> <p><i>* limited assurance may be performed annually for the two years in between a reasonable assurance engagement. Limited assurance may only be carried out if the refiner was fully compliant the previous year.</i></p>
<b>Within ninety (90) days following a third-party audit</b>	<p>Follow-up assessment.</p> <p><i>* applicable if high-risk non-compliances are identified in a full assessment or an assessment review.</i></p>	<p>Follow-up audit to a reasonable assurance level.</p> <p><i>* applicable where the Refiner has any high-risk non-compliances, reasonable assurance on the Corrective Action Plan within 90 days following the release of the Refiner's Compliance Report.</i></p>

## 1.4 Harmonisation of efforts for the responsible sourcing of gold

### Quick Guide:

This section provides guidance on the relationship between the LBMA third-party audit and the Refiner's existing internal or external assurance/certifications covering similar areas in the *LBMA Responsible Gold Guidance*. It outlines how the LBMA audit deliverables may be used as supporting evidence of compliance with international regulations (OECD, SEC).

It also describes the cross-recognition between LBMA, Responsible Jewellery Council (RJC) and the Electronics Industry Citizenship Coalition – Global e-Sustainability Initiative's Conflict – Free Smelter Program (CFS) and lists other sources of information that may be used by Refiners to demonstrate compliance with LBMA requirements.

### Compliance with international regulations

The *LBMA Responsible Gold Guidance* is based on the five-step framework for risk-based due diligence contained in the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas adopted on 15 December 2010 and follows the requirements detailed in the OECD Gold Supplement adopted on 17 July 2012. Also, the United States Securities and Exchange Commission (SEC) final rules for Conflict Minerals (Dodd-Frank Section 1502) indicate that manufacturers can meet US requirements by relying on Refiners who have been certified by "industry groups' 'conflict-free' designation programmes" such as the LBMA.

As such, LBMA third-party audit deliverables may be used as supporting evidence to demonstrate compliance with or implementation of the following recommendations or requirements:

- a) OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, including the Supplement on Gold;
- b) Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, including any rules issued by the US Security and Exchange Commission.

## Existing standards or certifications

The LBMA is committed to harmonisation of requirements with other gold supply chain initiatives and the evaluation of a Refiner's compliance to the *LBMA Responsible Gold Guidance* is neither intended to duplicate existing auditing arrangements nor require these to be re-performed. Audit reports or results from independent third-party verifications carried out under the framework of other gold supply chain initiatives or anti-money laundering efforts may be used by the auditor as evidence to assess compliance with LBMA requirements.

The LBMA recognises that Refiners may already have internal or external assurance processes that can be relied on. These include:

- Related gold supply chain due diligence initiatives, including:
  - Electronic Industry Citizenship Coalition (EICC) – Global e-Sustainability Initiative (GeSI) Conflict Free Smelter Program (CFS), in particular the Gold Supply Chain Transparency – Refinery Audit Protocol;
  - Responsible Jewellery Council, in particular the Chain of Custody Standard;
  - OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, including the Supplement on Gold;\*
  - World Gold Council Conflict-Free Gold Standard, in particular the Management Statement of Conformance Documentation that gold-mining companies provide to Refiners;
  - Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, including any rules issued by the United States Securities and Exchange Commission;
  - Fairtrade and Fairmined Standard for Gold from Artisanal and Small-Scale Mining, including Associated Precious Metals; or
- Regulatory anti-money laundering audits.

The above list is not exhaustive and may change over time.

However as the scope of these initiatives currently differ from one another and do not completely address the requirements of the *LBMA Responsible Gold Guidance* all LBMA Good Delivery Refiners must undergo an LBMA Responsible Gold Audit.

\*The OECD Due Diligence Guidance provides the overarching framework for all initiatives addressing the responsible sourcing from conflict-affected and high-risk areas.

## Existing Certifications - Supporting Evidence

The following certificates may be provided by the Refiner as supporting evidence to demonstrate compliance with some LBMA requirements:

- a) Mined and/or recycled gold-bearing material for which a RJC Chain of Custody Transfer Document has been issued by a RJC certified Entity;
- b) Mined gold-bearing material where a Management Statement of Conformance document is issued which accompanies the gold shipment or gold shipments over a period of time, in accordance with the World Gold Council Conflict-Free Gold Standard;
- c) Conflict-free smelter validation under the Electronic Industry Citizenship Coalition (EICC) – Global e-Sustainability Initiative (GeSI) Conflict Free Smelter Program (CFS), Gold Supply Chain Transparency – Refiner Audit Protocol;
- d) Mined gold-bearing material that is certified and clearly identifiable as Fairtrade and Fairmined gold.

## Third-Party Refiner Due Diligence Audits – Mutual Recognition

The Refiner may use the LBMA third-party audit report to provide supporting evidence and assurance to external stakeholders on its gold supply chain management systems and responsible gold sourcing practices. Publication of the report is not intended to indicate that the auditor accepts any liabilities for reliance other than to the Refiner. Where the Refiner has successfully completed the LBMA third-party audit, and provided the audit period covers at least  $\frac{3}{4}$  of the validation or certification period of the other initiative, the following sections are considered equivalent to the independent third-party audit under Step 4 of the *LBMA Responsible Gold Guidance*:

- a) Electronic Industry Citizenship Coalition (EICC) – Global e-Sustainability Initiative (GeSI) Conflict Free Smelter Program;
- b) Responsible Jewellery Council (RJC), Sections 10.1, 10.2 and 10.4: Conflict Sensitive Sourcing of the RJC Chain of Custody Standard.

### Internal audits and other third-party service providers

Refiners may have an internal audit function that regularly evaluates the procedures, processes and controls that the operations have in place with regard to the areas covered by the *LBMA Responsible Gold Guidance*. Furthermore, the Refiner may have work performed by other third-party service providers or subject matter specialists. The auditor may be able to rely on the results of this work as part of the LBMA third-party audit. Where this is possible, the Refiner and its auditor should consider existing auditing processes, confirm where applicable the extent to which these may be relied upon and complement them as needed.

For ISAE 3000 engagements: Where it is possible to rely on work undertaken by a Refiner's internal audit, SOX process or any other acceptable auditable process, the auditor should consider the scope of these internal reviews to understand how it relates to the scope of the *LBMA Responsible Gold Guidance* assurance report activities and whether the internal audit team has sufficient competencies to audit the subject matter in question.

Where further clarity may be required to use the work of internal audit, the engagement team may refer to the requirements of *International Standard on Assurance (ISA) 610 Considering the Work of Internal Audit* or equivalent guidance.

Where the work performed of other third-party service providers or subject matter specialists are planned to be used by the auditor, they should refer to the requirements of *ISA 620 Using the Work of an Auditor's Expert* or equivalent guidance.

## 1.5 Auditor Qualification

### Quick Guide:

This section defines the skills and competencies auditors are required to demonstrate to carry out a LBMA third-party audit.

It further describes the processes that auditors are requested to complete in order to be listed as an approved 'service provider' on the LBMA website.

The LBMA Executive publishes a list of Approved Service Providers on the LBMA website ([www.lbma.org.uk](http://www.lbma.org.uk)). The list is regularly reviewed and maintained up to date.

The auditor (referred to as service provider in this section) must be able to fulfil the following requirements:

- a) **Independence:** The service provider must have complete financial and other independence from the Refiner. In particular, the auditing body shall not provide services for the Refiner related to the

design, establishment or implementation of the Refiner's gold supply chain practice for a period of at least 24 months prior to the engagement.

- b) **Institutional capacity:** The service provider must have adequate organisational capacities including:
  - i) A robust system of quality control, including minimum requirements for independence, conflicts of interest, ethics and audit quality control reviews to be followed;
  - ii) The capacity to process appeals and/or handle complaints.
- c) **Auditor independence and competencies.** Service providers must ensure that any individual or group of auditors carrying out a third-party audit of a Refiner is independent from the auditee. The lead auditor should take responsibility for the audit process and play an active part in the assessment/assurance. In addition, the individual or group of auditors must collectively possess the skills, knowledge and experience required to competently perform the assurance engagement. In order to ensure audits are being performed consistently, and to a high standard, LBMA reserves the right to witness the performance of audits. Further details are contained in Table 6.

**The service provider should only accept the engagement where they are satisfied that they possess (either individually or as a group of auditors) the necessary skills and competencies, and resources, including but not limited to:**

Table 6: Auditor Skills and Competencies

Auditor Skills and Competencies	
Core Principles	<ul style="list-style-type: none"> <li>■ Ethical conduct;</li> <li>■ Fair presentation;</li> <li>■ Due professional care;</li> <li>■ Independence;</li> <li>■ Integrity.</li> </ul>
Personal Competences	<ul style="list-style-type: none"> <li>■ Ability to apply knowledge and skills;</li> <li>■ Improvement of competencies;</li> <li>■ Specialist knowledge and competence in auditing skills and techniques;</li> <li>■ Ability to apply reporting and auditing practices and standards;</li> <li>■ For ISAE 3000: experience in non-financial assurance.</li> </ul>
Subject Matter Expertise	<ul style="list-style-type: none"> <li>■ Knowledge of and experience in the Gold Refining industry;</li> <li>■ Knowledge of and experience in supply chain due diligence principles, procedures and techniques;</li> <li>■ Understanding of gold procurement practices and gold supply chains;</li> <li>■ Knowledge of and experience in the implementation of the <i>LBMA Responsible Gold Guidance</i> and other initiatives to increase transparency and due diligence in the gold supply chain and, in particular, knowledge of the OECD Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas;</li> <li>■ Knowledge of and experience in regulations and best practices regarding Anti-Money Laundering and Financing of Terrorism;</li> <li>■ Knowledge of local context, including social, economic, political and cultural considerations, of conflict-affected and/or high-risk areas.</li> </ul>

Service providers shall submit an application supported by sufficient evidence, in the format defined by the LBMA Executive, to demonstrate fulfilment of all of the above-described requirements. The LBMA Executive shall review the information and auditors/auditing bodies may provide any additional clarification as required to support its decision.

Refiners should select a service provider from the list of Approved Service Providers..

The Executive shall regularly review the information submitted by auditing bodies in order to determine if any of the changes disclosed affect the auditing body's ability to remain on the LBMA list





of recommended auditing bodies. All personnel engaged in *LBMA Responsible Gold Guidance* audits should receive appropriate training to ensure they are aware of developments in this area. If there are relevant changes in personnel at an auditing body (for example auditors joining/leaving) the LBMA must be informed. If necessary, the list of recommended auditing bodies shall be updated with any changes.

## 1.6 Person-day guidelines

When determining the time necessary to complete the on-site audit for each Refiner, the auditor is recommended to use the following *Guidance* criteria:

- a) The type of audit: ISO 19011 (full assessment, assessment review or follow-up assessment) or ISAE 3000 (reasonable or limited assurance, annual audit or follow-up audit);
- b) The geographical location of each site (more time is required for the on-site audit of locations in conflict-affected or high-risk areas);
- c) Size and complexity of operations for each site. Criteria to determine size and complexity of a site may include: the number of transactions in the audit period, the number and risk level of gold supplying counterparties and the overall size of operations;
- d) Risk of non-compliance for each site. Examples of information to determine risk of non-compliance include: availability of pre-audit information, participation in other gold supply chain initiatives, previous audit findings or results, publicly available information on business partners and gold supply chain practices.
- e) Previous years' audit report findings and presence of existing non-compliances, knowledge of changes in sourcing activities or risk profile, or general industry or market developments that may require specific attention.
- f) When performing a combined *Responsible Gold Guidance* and *Responsible Silver Guidance* audit (multi-metal audit) the auditor should refer to the *LBMA Responsible Sourcing Guidance* for additional clarification around sample size and audit approach. The scope, duration and audit/assessment approach must be agreed between the Refiner and auditor prior to the audit.
- g) A multi-metal audit duration should not exceed 125% of the duration of a single metal audit, based on the sample size set out in the *Guidance* document for the principle metal being refined.

## 2 Third-party audit of supply chain due diligence

### Quick Guide:

The following Subsections 2.1. and 2.2. describe in detail the two third-party audit approaches (excluding the reporting).

These sections are primarily intended as guidance for the auditor carrying out the third-party audit. Refiners should refer to them for more information on the preparation as well as the actual engagement.

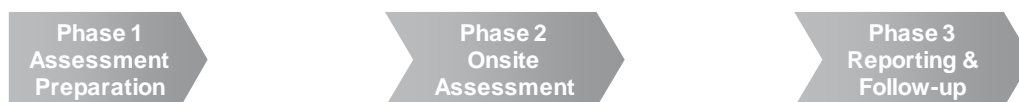
Auditors applying the third-party audit approach based on ISO 19011:2011 should refer to Section 2.1. Third-party audit approach based on ISO 19011. Auditors are expected to apply the requirements as defined in this section.

Auditors applying the third-party audit approach based on ISAE 3000 Standard should refer to Section 2.2 Third-party audit approach based on ISAE 3000. Auditors are expected to apply the requirements of ISAE 3000 but seek guidance from this section.

Regardless of the audit approach chosen, auditors and refiners may choose to use recommendations across both audit approaches where they believe this will bring added value to the audits. In addition, auditors are encouraged to engage with both the refiner and the LBMA to discuss industry trends, relevant concerns and evolving expectations of implementation. The LBMA also encourages auditors to challenge refiners' findings and discuss recommendations, sourcing developments and any other relevant information provided by the LBMA.

### 2.1 Third-party audit approach based on ISO 19011

ISO 19011 applies to the assessment of management systems. Auditors are required to evaluate the existence and implementation of appropriate systems at the Refiner, addressing all areas covered by the *LBMA Responsible Gold Guidance*. 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 system for the responsible sourcing of gold-bearing materials. Third-party audits are composed of three distinct phases, as demonstrated below. Further details on each phase are included in this section.



## Phase 1: Assessment Preparation

The auditing body is selected by the Refiner and the contractual business relationship is established between the Refiner and the auditing body. Assessment costs, duration and scope are negotiated directly between the auditing body and the Refiner, provided they are in accordance with the requirements outlined in this Assessment Guidance.

### Person-day guidelines

As a guideline, the auditors may refer to the number of person-days recommended below for a full assessment or an assessment review. The actual number of days spent for each on-site assessment will be determined by the lead auditor and should reflect the risk profile of the Refiner's activities..

Table 7: LBMA Person-Day Sampling Guidelines – Full Assessment

LBMA Person-Day Sampling Guidelines – Full Assessment				
Number of transactions \ Number of suppliers	Number of suppliers			If the Refiner sources from high-risk gold supplying counterparties
	< 100	101 – 250	> 250	
< 2,500	2 – 4 <sup>(a)</sup>	2 – 4	4 – 6	+1 person-day for every additional 25 gold supplying counterparties.
2,500 – 5,000	4 – 6	4 – 6	6 – 8	
> 5,000	6 – 8	6 – 8	8 – 10	
<b>If the Refiner high-risk transactions are</b>	< 200 transactions received within the assessment period: +1 person-day >200 transactions received within the assessment period: +1 person-day for each 50 transactions received within the assessment period.			

Note: (a) Person-days.

Table 8: LBMA Person-Day Sampling Guidelines – Assessment Review

LBMA Person-Day Sampling Guidelines – Assessment Review				
Number of transactions \ Number of suppliers	Number of suppliers			If the Refiner sources from high-risk gold supplying counterparties
	< 200	200 – 500	> 500	
< 1,000	1 – 2 <sup>(a)</sup>	1 – 2	1 – 2	+1 person-day for every additional 25 gold supplying counterparties.
1,000 – 5,000	2 – 4	2 – 4	2 – 4	
> 5,000	4 – 6	4 – 6	4 – 6	
<b>If the Refiner high-risk transactions are</b>	< 200 transactions received within the assessment period: +1 person-day >200 transactions received within the assessment period: +1 person-day for each 50 transactions received within the assessment period.			

Note: (a) Person-days.

The number of person days for each category may be increased or decreased, provided the time allocated for the on-site assessment allows the auditor or assessment team to establish a reasonable basis on which to draw conclusions about the Refiner's level of compliance with applicable requirements.

When completing a multi-metal audit the auditor will adjust the sample size for each metal to reflect the risk profile of the relevant metal supply chain with the overall audit being capped at 125% of the length of a single metal audit on the principle metal being processed.

### Pre-Assessment Planning

To facilitate the on-site assessment, sufficient time shall be allocated for the preparation and planning phase.

It is the responsibility of the auditing body to ensure communication with the Refiner in regards to:

- a) Total costs of the assessment, including any expenses related to travel;
- b) Locations selected for an on-site assessment;
- c) Time required for the on-site assessment at each location;
- d) Selection of auditors and composition of the assessment team;
- e) Required procedures to be carried out during the assessment. Information in regards to assessment procedures shall include: documentation to be reviewed; persons/functions to be interviewed; operations included in a physical walkthrough as well as a general description of the procedures to be conducted by auditors on-site.

Auditing bodies shall prepare an assessment plan including the above information. The assessment plan shall be shared with the Refiner in advance of the on-site assessment.

It is the responsibility of the Refiner to ensure the auditing body is provided with all the necessary information required to complete the assessment plan. Such information shall be provided to the auditing body in advance of the on-site assessment so as to allow for sufficient time for the review of the information as well as the planning of logistic aspects by the auditing body. In particular, communication of the Refiner to the auditing body shall include:

- a) Number and addresses of all business operations actively contributing to activities, processes or systems related to Gold Refining;
- b) Number and addresses for any off-site offices, processing facilities and/or storage areas for gold-bearing material;
- c) Location and availability of documentation to be reviewed.
- d) Copies of previous assessment/audit reports and corrective action plans

For each of the business operations listed under point (a) above:

- e) List of gold supplying counterparties with indication of country of domicile and risk level in the assessment period;
- f) List of all transactions of gold-bearing material received in the assessment period for purposes of Gold Refining, including the date received, weight, type of material and country of origin of the material for mined gold-bearing material or country of the point of origin for recycled or grandfathered gold-bearing material;
- g) Organisational chart.

The Refiner may choose to use the LBMA Pre-Assessment Checklist to prepare the above information.

## Phase 2: On-site Assessment Process

The on-site assessment at each of the selected sites of the Refiner is composed of four (4) parts:

1. Opening meeting;
2. Review of objective evidence by means of observation, documentation and interviews;
3. Evaluation of the evidence presented to determine compliance with LBMA requirements;
4. Closing meeting.

This section outlines each part of the on-site assessment in more detail.

### Opening meeting

An opening meeting will be held with the Refiner's person(s) responsible for responsible gold supply chain.

The objective of the opening meeting is for the auditor or assessment team and the Refiner's person(s) responsible for responsible gold supply chain to review the purpose of the assessment, the assessment scope and methodology as well as the required documentation.

In addition, the opening meeting serves to:

- a) Determine responsible management at the Refiner;
- b) Determine the Refiner's operations and processes;
- c) Review the LBMA Pre-Assessment Checklist information, subsequent operational changes, challenges and impact of changes;
- d) Review the assessment plan to ensure relevant staff and operations are available when required by the auditor/assessment team
- e) Review names, locations, types of gold-bearing material received and processed;
- f) Confirm unit operations on site where gold-bearing materials are processed;
- g) Confirm the confidentiality of the assessment process;
- h) Build trust and address concerns or questions.

It is recommended that all heads of departments affected by the assessment participate in the meeting. Attendance by senior management is a visible way of demonstrating engagement with the process

### Review of objective evidence

#### 1. Visual Observation

The auditor or assessment team will visually inspect all areas actively contributing to activities, processes or systems related to the value-adding process for gold-bearing material. The walkthrough shall take place in the presence of a Refiner representative.

During the Refiner walkthrough, the auditor or assessment team shall:

- a) Confirm knowledge and implementation of gold supply chain management systems;
- b) Check and confirm recycled material as well as stamps, marks or inventory lists for grandfathered material;
- c) Confirm that any shipments where material is suspected to be associated with money laundering, terrorist financing, contribution to conflict or systematic or widespread human rights



abuse are quarantined until the Refiner obtains additional data to confirm or refute its preliminary assessment;

- d) Confirm that any shipments where material is associated with money laundering, terrorist financing, contribution to conflict or systematic or widespread human rights abuse are quarantined and that the Refiner immediately stops refining gold from this provenance.

It shall be noted that observation is limited to the point in time at which the observation takes place and by the fact that the act of being observed may affect how the process or procedure is performed.

## 2. Documentation Review

The auditor or assessment team will review any documentation supporting the existence, communication and implementation of systems, policies, procedures and practices in relation to the *LBMA Responsible Gold Guidance* at the Refiner. Documents may be provided for review in paper or electronic format.

The on-site assessment shall cover the following types of documents (refer to Appendix II – Documentation Requirements for further details):

- a) Documentation on the Refiner's Gold Supply Chain Management Systems:

The auditor or assessment team shall review any documentation supporting the existence, communication and effective implementation of the Refiner's gold supply chain management systems. Documents to be reviewed shall be in accordance with the Refiner's gold supply chain internal management systems and will be specific for each Refiner.

All documentation related to the Refiner's gold supply chain management systems will be reviewed. Appendix 2: Example of documents for review ISO 19011:2011 provides examples of supporting documentation for this part of the assessment.

- b) Documentation on the Refiner's Due Diligence Measures:

The auditor or assessment team shall review any documentation supporting the existence, internal and external communication as well as effective implementation of the Refiner's gold supply chain due diligence measures.

The auditor or assessment team shall select a sample of Refiner gold supplying counterparty files for review and confirm that documentation related to due diligence measures in the gold supply chain is systematically requested, collected, reviewed and maintained on file.

In determining the sample size, auditors shall rely on the recommendations below for the sampling of Refiner gold supplying counterparty files. The actual sample selected for each on-site assessment will be determined by the lead auditor.

Table 9: LBMA Gold Supplying Counterparty Due Diligence Sampling Recommendations

LBMA Gold Supplying Counterparty Due Diligence Sampling Recommendations	Full Assessment Sample Size Gold Supplying Counterparty Files	Assessment Review Sample Size Gold Supplying Counterparty Files
<b>Low-risk</b>	10% of active gold supplying counterparties within the assessment period; Minimum 10, maximum 25.	1% of active gold supplying counterparties within the assessment period; Minimum 2, maximum 5.
<b>High-risk</b>	10% of active gold supplying counterparties within the assessment period; Minimum 10, maximum 25 AND All actors in high-risk supply chains.	1% of active gold supplying counterparties within the assessment period; Minimum 2, maximum 5 AND 25% of actors in high-risk supply chains; Minimum 10, maximum 25.

The sample size for each category shall be increased if the auditor or assessment team requires additional information to be able to establish a reasonable basis on which to draw conclusions about the Refiner's level of compliance with applicable requirements. In particular, sample sizes shall be increased if the auditor or assessment team detects inconsistencies or discrepancies in the documentation provided for review, if there is evidence pointing to the falsification or manipulation of documents and/or if the point of origin for any gold-bearing material is in one of the countries covered by Section 1502 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act.

The auditor or assessment team may rely on the Refiner's assessment of risks in the gold supply chain to determine the level of risk associated with each gold supplying counterparty, unless non-compliances related to the Refiner's supply chain risk assessment are identified. In this case, the auditor or assessment team shall refer to the *Responsible Gold Guidance*, Step 2: Identify and assess risk in the supply chain, Section 2: Assess risk in light of the standards of their supply chain due diligence system, minimum criteria for high-risk supply chain.

Appendix 2: Example of documents for review ISO 19011:2011 outlines documentation that may be provided for review for this part of the assessment.

c) Documentation on the Refiner's Transactions:

The auditor or assessment team shall review documentation supporting the existence, communication and effective implementation of the Refiner's internal material control mechanisms.

The Refiner shall provide a complete list of transactions of gold-bearing material received within the assessment period for the purposes of Gold Refining to the auditing body. Transactions include material received from external gold supplying counterparties as well as intra-company transfers.

The list must be provided to the auditing body in advance (see also Section 2.1, Phase 1: Assessment Preparation) and must include, at a minimum, the following information:

- a) Date gold-bearing material is physically received by the Refiner;
- b) Weight of gold-bearing material;
- c) Description of the type of gold-bearing material received;
- d) Point of origin for mined gold-bearing material;
- e) Point of origin for recycled or grandfathered gold-bearing material.

The auditor or assessment team shall select a sample of the Refiner’s transactions of gold-bearing material received during the assessment period and may request documentation for transactions as described in [Appendix 2: Example of documents for review ISO 19011:2011](#) for review. When selecting the sample of transactions to be reviewed, the auditor or assessment team shall give due consideration to the criteria (a-e) listed above.

In determining the sample size, auditors shall rely on the recommendations below for the sampling of Refiner transaction documents. The actual sample selected for each on-site assessment will be determined by the lead auditor.

**Table 10: LBMA Gold Transaction Documentation Sampling Recommendations**

LBMA Gold Transaction Documentation Sampling Recommendations	Full Assessment Transaction Sample Size	Assessment Review Transaction Sample Size
<b>Low-risk</b>	2% of total transactions; Minimum 50, maximum 100 transactions for all categories (mined, recycled, grandfathered).	1% of total transactions; Minimum 10, maximum 50 transactions for all categories (mined, recycled, grandfathered).
<b>High-risk</b>	2% of total transactions; Minimum 50, maximum 100 transactions for all categories (mined, recycled, grandfathered) AND 25% of transactions from high-risk supply chains; Minimum 50, maximum 100 transactions for all categories (mined, recycled, grandfathered).	1% of total transactions; Minimum 10, maximum 50 transactions for all categories (mined, recycled, grandfathered) AND 10% of transactions from high-risk supply chains; Minimum 10, maximum 50 transactions for all categories (mined, recycled, grandfathered).

The sample size for each category shall be increased if the auditor or assessment team requires additional information in order to be able to establish a reasonable basis on which to draw conclusions about the Refiner’s level of compliance with applicable requirements. In particular, sample sizes shall be increased if the auditor or assessment team detects inconsistencies or discrepancies in the documentation provided for review, if there is evidence pointing to the falsification or manipulation of documents and/or if the point of origin for any gold-bearing material is in one of the countries covered by Section 1502 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act.

The auditor or assessment team may rely on the Refiner’s assessment of risks in the gold supply chain to determine the level of risk associated with each gold supplying counterparty, unless non-compliances related to the Refiner’s gold supply chain risk assessment are identified. In this case, the auditor or assessment team shall refer to Step 2: Identify and assess risk in the supply chain, Section 2: Assess risk in light of the standards of their supply chain due diligence system, minimum criteria for high-risk supply chain.

Additional documents to demonstrate compliance of the Refiner with the *LBMA Responsible Gold Guidance* may be requested for review by the auditor or assessment team.

### 3. Management and Employee Interviews

The auditor or assessment team will conduct interviews with management at executive and functional levels, including all heads of departments involved in activities or tasks within the scope of the assessment.





In addition, the auditor or assessment team will request employees to be interviewed and sampled from various processes, including, but not limited to:

- f) Employees involved in the due diligence process and supply chain risk assessment;
- g) Employees in the gold sourcing departments;
- h) Employees in inventory or material control functions;
- i) Employees involved in the outsourcing/contracting of gold-bearing material;
- j) Employees in the material receipt area;
- k) Employees in the production/refining area;
- l) Members of an LBMA or similar compliance committee, if applicable;
- m) Any other employees involved in activities or tasks within the scope of the assessment.

The auditor or assessment team may conduct additional interviews, or additional shortened 'spot interviews' if potential non-compliances require further investigation in which case the interview will take place where the activity being investigated occurs.

The sample size for employee interviews shall be increased for complex, multiple person-days engagements.

### **Evaluation of objective evidence**

Objective evidence gathered will be evaluated for compliance of the Refiner's systems, procedures, processes and practices with the requirements set forth in the *LBMA Responsible Gold Guidance*.

The auditor or assessment team must take into account all relevant objective evidence provided by the Refiner. Relevant evidence may be 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.

Relevant objective evidence is evaluated against the requirements defined in the *LBMA Responsible Gold Guidance* to determine the nature and extent to which the Refiner adheres to the same.

The result of the evaluation may be:

- a) The Refiner's systems, procedures, processes and practices are in compliance with all requirements;
- b) The Refiner's systems, procedures, processes and practices are not in compliance with one or more of the requirements.

The LBMA actively encourages Refiners to continuously improve systems, procedures, processes and practices. Consequently, non-compliances with requirements as set forth in the *LBMA Responsible Gold Guidance* are classified according to the level of risk each presents to the credibility and integrity of the LBMA system for the responsible sourcing of gold-bearing materials. There are four (4) risk-levels associated with non-compliances:

- 1) Low-risk non-compliance;
- 2) Medium-risk non-compliance;
- 3) High-risk non-compliance;
- 4) Zero Tolerance.

Each risk-level is defined in Appendix 1: Definitions of Non-Compliances of this *Guidance*. The overall result of the on-site assessment is the highest risk level scored by the Refiner in any one section of the assessment.

Any zero-tolerance non-compliance will be communicated by the auditing body to the LBMA Chief Executive within 24 hours. The LBMA Executive will review each case in a timely and objective manner and may delist the Refiner concerned from the List of accredited Good Delivery Gold Refiners.

### **Closing meeting**

A closing meeting will be held with the Refiner's person(s) responsible for gold supply chain.

The objective of the closing meeting is for the auditor or assessment team and the Refiner's person(s) responsible for gold supply chain to recap, and agree, on the observations and conclusions of the assessment.

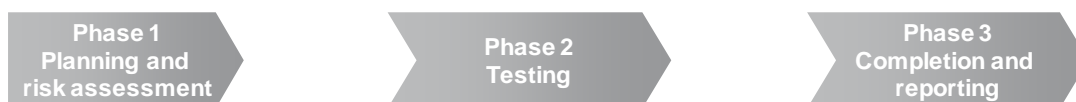
For multi-site assessments, a short closing meeting shall be held at each site, followed by a more comprehensive recap of all observations and conclusions to be held at the end of the project with the Refiner's person(s) responsible for gold supply chain.

Any non-compliance identified shall be communicated on an ongoing basis to the Refiner during the assessment process. The auditor or assessment team shall leave a summary of non-compliances identified during the assessment with the Refiner's person(s) responsible for gold supply chain. The Refiner may comment on non-compliances identified and recommendations for improvement made by the auditor or assessment team. The Refiner may request that such comments be added to the summary of non-compliances.

It is recommended that all heads of departments affected by the assessment participate in the meeting. Attendance by senior management is a visible way of demonstrating engagement with the process

## 2.2 Third-party audit approach based on ISAE 3000

ISAE 3000 applies a risk-based assurance approach. The auditor must undertake a number of responsibilities throughout the engagement. This includes risk assessments, planning and performing assurance procedures, gathering sufficient appropriate assurance evidence and performing an overall evaluation to form the assurance conclusion. Although assurance activities are an iterative process, they can be divided into three distinct phases, as demonstrated below. Further details including example assurance activities applicable to each phase are contained in Appendix 4.



This section sets out guidance to auditors who have been engaged to report, in accordance with recognised assurance standards, on whether the Refiner's Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance with the *LBMA Responsible Gold Guidance*.

For this type of assurance engagement, a three-party relationship must exist between the auditor, responsible party (the refiner) and intended users of the report. The three-party relationship consists of:

- i) **Auditor** – an individual or group of practitioners that collectively possess the skills, knowledge and experience required to competently perform the assurance engagement;
- ii) **Responsible party** – the party (i.e. the Refiner) responsible for the reported subject matter information;
- iii) **Intended users** – the parties for whom the reported subject matter information is prepared.

It is recommended that auditors refer to Appendix 3, which explains the responsibilities of the three parties for this type of engagement.

### The Refiner's Compliance Report

For ISAE 3000 engagements, the *LBMA Responsible Gold Guidance* requires that Refiners report publicly on their compliance on an annual basis for activities over a 12-month reporting period. This report on compliance is referred to as the 'Refiner's Compliance Report', and the descriptions of the activities and conclusions contained within this are the subject of independent assurance. The intention is that the Refiner's Compliance Report and the accompanying independent assurance report will be available to the LBMA Executive and disclosed publicly. Appendix 5 provides an example of a Refiner's Compliance Report.

Step 5 of the *LBMA Responsible Gold Guidance* requires that the Refiner's Compliance Report include the following information:

- i) Name of Refiner;
- ii) Time period of compliance;
- iii) Summary of activities undertaken during the period to demonstrate compliance  
(*The LBMA Responsible Gold Guidance sets out five steps that the Refiner must satisfy to demonstrate compliance. In this section, the Refiner should fairly describe the activities undertaken over the course of the reporting year to demonstrate that it has appropriately conformed to the requirements of the five steps.*);
- iv) Refiner's statement of compliance with each step of the *LBMA Responsible Gold Guidance*  
(*The Assurance Guidance sets out the definition of compliance in Appendix 1. The Refiner*



should assess whether its activities undertaken during the year appropriately represent full, partial or non-compliance.).

v) Management conclusion statement on the compliance with the *LBMA Responsible Gold Guidance*

*(The Refiner should assess whether on balance it is in compliance, and provide an overall ‘Yes’ or ‘No’ conclusion statement. For example, if the Refiner disclosed that it fully complied with each of the five steps (see iv above), it should answer ‘Yes’ to overall compliance. If the Refiner disclosed it had a ‘non-compliance’ to one of the steps (see iv above), then it would answer ‘No’ to overall compliance. In a situation where the Refiner has ‘partial’ non-compliance for one of the steps (see iv above) and believes that it should remain in compliance overall, it should state ‘Yes’ to overall compliance and disclose its reasons.)*

A template of the Refiner’s Compliance Report is contained in Appendix 5: Example of the Refiner’s Public Report. The LBMA recommends that Refiners use this template when an ISAE 3000 assurance engagement is performed.

The LBMA acknowledges that a ‘Yes’ response by the Refiner with respect to its conclusion on overall compliance does not mean that the Refiner is in absolute compliance with the requirements of the *LBMA Responsible Gold Guidance* for the reporting period stated. For example, there may be minor inconsistencies in low-risk and non conflict-affected areas or low-risk deviations from conformance that individually or collectively, represent an insignificant risk to the integrity of the LBMA system.



## Guidelines on the application of assurance concepts

The table below explains key ISAE 3000 assurance concepts, and the application of these concepts for a *LBMA Responsible Gold Guidance* assurance engagement.

Table 11: Key assurance concepts

Key assurance concept	Application to the Responsible Gold Guidance
<p><b>2.2.1 Scope of the assurance engagement</b></p> <p>The auditor obtains an understanding of the scope of the engagement. This includes the company reporting and the purpose for which the report is being prepared.</p>	<p>The scope of the assurance engagement is to provide a reasonable or limited assurance conclusion on whether the Refiner’s Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance and on management’s overall conclusion is in accordance with the <i>LBMA Responsible Gold Guidance</i>.</p>
<p><b>2.2.2 Assurance subject matter</b></p> <p>The subject matter of an assurance engagement can take many forms such as management statements and documents on:</p> <ul style="list-style-type: none"> <li>■ Policies;</li> <li>■ Performance;</li> <li>■ Systems and processes;</li> <li>■ Status of compliance;</li> <li>■ Statements of conformance;</li> <li>■ Data/Key Performance Indicators;</li> <li>■ Whole reports.</li> </ul> <p>ISAE 3000 requires an assurance engagement to be conducted on an appropriate subject matter. It describes an appropriate subject matter as one that is identifiable and capable of consistent evaluation or measurement against identified criteria. Information about an appropriate subject matter should be able to be subjected to procedures for gathering sufficient appropriate evidence to support an assurance conclusion.</p>	<p>The assurance subject matter is the underlying information that goes into forming the Refiner’s Compliance Report. For example, the internal processes that the Refiner describes and that form part of its compliance activities.</p> <p>For the auditor to be satisfied that they agree with the Refiner’s conclusions, including that they are made in accordance with the <i>LBMA Responsible Gold Guidance</i>, they need to plan and perform assurance procedures to gather evidence to support either reasonable or limited assurance conclusions.</p> <p>The <i>LBMA Responsible Gold Guidance</i> requires refineries to undertake gold supply chain due diligence consistent with anti-money laundering principles as well as the ‘five steps’ framework for risk-based due diligence of the <i>OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas</i>, as described in the <i>LBMA Responsible Gold Guidance</i>.</p> <p>For circumstances where judgement is applied by the Refiner, the auditor needs to understand the process the Refiner followed in order to be comfortable that the Refiner has satisfactorily addressed the steps as set out in the <i>LBMA Responsible Gold Guidance</i>. For example, the auditor should consider whether:</p> <ul style="list-style-type: none"> <li>■ The refiners definition of ‘high-risk supply chain’ includes the minimum criteria as set out in the <i>LBMA Responsible Gold Guidance</i> (Step 2);</li> </ul>

The terms ‘assurance subject matter’ and ‘subject matter’ referred to in this document are equivalent to the ‘matters or information subject to assurance’.

- The underlying sources used by the Refiner to determine ‘conflict-affected areas’ are relevant and reliable;
- The database used by the Refiner to check that the counterparty and beneficial owners are not named on any government lists as wanted money launderers, known fraudsters or terrorists is complete and reliable.

### 2.2.3 Assurance suitable criteria

The practitioner should assess the suitability of the criteria to evaluate or measure the subject matter prior to accepting the engagement (ISAE 3000).

The practitioner’s assessment of the reporting criteria should consider the following aspects, as derived from paragraph 36 of the International Framework for Assurance Engagements:

- **Relevance:** relevant criteria contribute to conclusions that assist decision-making by the intended users;
- **Completeness:** criteria are sufficiently complete when relevant factors that could affect the conclusions in the context of the engagement circumstances are not omitted;
- **Reliability:** reliable criteria allow reasonably consistent evaluation or measurement of the subject matter including, where relevant, presentation and disclosure, when used in similar circumstances by similarly qualified practitioners;
- **Neutrality:** neutral criteria contribute to conclusions that are free from bias; and
- **Understandability:** understandable criteria contribute to conclusions that are clear, comprehensive and not subject to significantly different interpretations.

The criteria should be available to intended users to allow them to understand how the subject matter has been evaluated or measured.

The reporting criteria consists of the requirements set out within the *LBMA Responsible Gold Guidance*, supplemented by how a company applies them at a more detailed level such as through policies, procedures and internal controls. As the *LBMA Responsible Gold Guidance* is principle based, the Refiner’s interpretation of the requirements is important. For example, the Refiner’s supply chain policy document (or similar internal methodology document) would form part of the criteria, which the auditor is responsible for assessing the suitability thereof. The auditor has to assess how the Refiner has applied the requirements of the *LBMA Responsible Gold Guidance* through the development of its own policies and controls in order to achieve suitable criteria. The five characteristics of suitable criteria set out by ISAE 3000 are:

- **Relevance:** the application of information sources used has a logical connection to the *LBMA Responsible Gold Guidance*;
- **Completeness:** all relevant factors that could affect the conclusions are not omitted;
- **Reliability:** the Refiner’s application is consistent across its operations and suppliers;
- **Neutrality:** the information sources used to inform the Refiner’s conclusions are free from bias;
- **Understandability:** the Refiner’s conclusions and the reasons behind them are clear.

The auditor needs to assess whether the Refiner’s Compliance Report contains sufficient information regarding the Refiner’s application of the *LBMA Responsible Gold Guidance*. Information can be referred to in the Refiner’s Compliance Report, but be disclosed elsewhere (e.g. company website).

In the event that the auditor’s assessment indicates the Refiner’s application of the *LBMA Responsible Gold Guidance* is not suitable, the auditor should discuss the impact of the required changes to the application of the *LBMA Responsible Gold Guidance* with the Refiner. If the application of the *LBMA Responsible Gold*

*Guidance* is not altered, the assurance practitioner should consider the impact on the assurance report, and if they should issue a qualified conclusion.

#### 2.2.4 Assurance evidence

An assurance engagement involves performing procedures to obtain assurance evidence about the subject matter being assured. The auditor considers materiality, assurance engagement risk and the quantity (sufficiency) and quality (appropriateness) of evidence required when planning the nature, extent and timing of his assurance approach.

The following provides some guidance on what auditors should consider:

- Materiality is a concept used by auditors in determining the nature, timing and extent of procedures required to be executed, and to assess the relative significance of identified misstatements or non-compliance in the context of the overall reported information or compliance requirements. Refer to the section on Materiality for further information;
- Assurance engagement risk: The risk that the practitioner expresses an inappropriate conclusion;
- The nature, extent and timing of evidence gathering procedures will vary between engagements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement or material non-compliance of the matter being assured, whether due to fraud or error.

The auditor will plan the assurance procedures to be performed. Examples of types of evidence-gathering activities that an auditor may perform are contained in [Appendix 4: Example assurance activities](#).

#### 2.2.5 Level of assurance

ISAE 3000 defines two levels of assurance that can be delivered by the auditor: 'reasonable' and 'limited' assurance.

- Reasonable assurance is a higher level of assurance, and a positive form of expression is issued. The objective of a reasonable assurance engagement is to reach an opinion on whether the subject matter is materially free from misstatement;

LBMA recommends that a reasonable assurance level is performed in the first year of reporting and every three years after (for further information, refer to [Section 1.3. Timing of Audits](#)). There is a greater extent of testing and evidence gathering for reasonable assurance, and it therefore provides a higher degree of comfort to users of the report that the Refiner has reported in accordance with the requirements of the *LBMA Responsible Gold Guidance*.

Limited assurance can be performed annually for the two years in between. It is also possible for the Refiner to elect reasonable assurance for each year.



- Limited assurance is a lower level of assurance, and a negative form of expression is issued. The objective of a limited assurance engagement is to reach a conclusion that is meaningful and not misstated based on the work performed.

The level of work required for a limited assurance engagement is substantially less detailed than a reasonable assurance engagement. As such, the level of assurance provided is lower than for a reasonable assurance engagement.

In practice, the level of work associated with limited assurance engagements can vary. The assurance procedures performed by the auditor may be restricted primarily to enquiries or analytical procedures, or involve further testing in certain areas, e.g. transactional systems or processes relating to supplier due diligence.

### 2.2.6 Modified assurance conclusions

There may be situations that arise where an unqualified conclusion should not be issued. Limited guidance is provided in ISAE 3000 with respect to modified conclusions and emphasis of matter paragraphs. The relevant guidance in relation to modified assurance conclusions (qualification, adverse or disclaimers) is contained within International Standard on Auditing *ISA 705 Modifications to the Opinion in the Independent Auditor's Report* and for emphasis of matter paragraphs within *ISA 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*. An emphasis of matter paragraph is appropriate where a matter that is included in the company's report is deemed so fundamental as to bring it to the attention of the reader. An emphasis of matter paragraph does not result in a modification to the assurance report.

A modified assurance conclusion may result where:

- The Refiner has a material non-compliance and the auditor does not believe that this has been adequately disclosed in the Refiner's Compliance Report.
- Circumstances may prevent an auditor from obtaining sufficient appropriate assurance evidence to provide an unqualified opinion. This may include restrictions placed upon the assurance testing activities by the company, data gaps or a lack of controls.

Where appropriate, the auditor should encourage the Refiner to describe potential issues within the Refiner's Compliance Report, so as to enable an unmodified assurance report to be issued.

The auditor may include an emphasis of matter paragraph to draw to the user's attention to the item(s) already disclosed in the Refiner's Compliance Report. Depending on the extent to which a non-compliance exists, it may not be appropriate to issue an unmodified assurance report, even if the circumstance has been described in the Refiner's Compliance Report.

### 2.2.7 Materiality

Materiality is a concept used by auditors in determining the nature, timing and extent of procedures required to be performed, and to assess the relative significance of identified misstatements or non-compliance in the context of the overall reported information or compliance requirements. Information is material if its omission or misstatement or non-compliance could influence the decisions of the intended users of the Refiner's Compliance Report.

Information is material if its omission or misstatement could influence relevant stakeholders, for example the LBMA Executive and other users of the Refiner's Compliance Report, to make sound judgements about disclosures that matter to them.

As part of the planning and risk assessment stage, the auditor should consider potential relevant material misstatements that may be relevant in Steps 1 to 5 of the *LBMA Responsible Gold Guidance*.

The auditor applies judgement as to whether the misstatements are material. They may also use the criteria contained within [Appendix 1: Definitions of Non-](#)

ISAE 3000 states ‘the practitioner should consider materiality and engagement risk when planning and performing an assurance engagement’.

The auditor should assess materiality when planning the engagement and revisit this assessment throughout the assurance engagement, and at the reporting stage prior to the assurance report being signed to determine if additional work is required.

Compliances, as these may result in a material misstatement in the Refiner’s Compliance Report if not reported accurately.

The materiality of misstatements must be considered individually and in aggregate with all misstatements. Some items may also be material by their omission.

The auditor should maintain a summary of uncorrected misstatements throughout the engagement. Individually or in combination, these considerations should determine whether misstatements may affect the decisions of a user of the Refiner’s Compliance Report and the impact on the assurance report.

Where there are material misstatements that have arisen, the auditor should question the effectiveness of internal controls and, if deemed necessary, expand testing to assess whether there are any material concerns and implications to their assurance report.

### 2.2.8 Assurance Report

The auditor prepares an independent assurance report that includes a conclusion on whether the selected subject matter is prepared in accordance with the criteria.

ISAE 3000 states that the practitioner should conclude whether sufficient appropriate evidence has been obtained to support the conclusion expressed in the assurance report.

ISAE 3000 includes a list of disclosures to be included in the assurance report, which are mandatory for engagements performed in accordance with ISAE 3000. These include, but are not limited to:

- A title that clearly indicates the report is an independent assurance report;
- An addressee;
- An identification and description of the subject matter information;
- Identification of the criteria;
- Where appropriate, a description of any significant, inherent limitation associated with the evaluation or measurement of the subject matter against the criteria;
- A statement to identify the responsible party and to describe the responsible party’s and the practitioner’s respective responsibilities;

The assurance report is prepared by the auditor and discloses details of the assurance engagement and the conclusion. The assurance report should be publicly disclosed with the Refinery’s Compliance Report or clearly sign posted to where it can be accessed.

In addition to the mandatory ISAE 3000 disclosures, the assurance statement should include the following statements (but not be limited to):

- The scope of the assurance engagement consists of the Refiner’s Compliance Report;
- For ‘limited assurance’, a description of the assurance procedures performed;
- Assurance conclusion on whether the Refiner’s Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance, and management’s overall conclusion, is in accordance with the *LBMA Responsible Gold Guidance*; and
- A declaration statement stating that the auditor satisfies the competency requirements (as set out in Section 4.10 Assurance engagement team competencies).

ISAE 3000 does permit the assurance report to be expanded to include other information and explanations that are not intended to affect the auditor’s conclusion, such as key observations or findings made as part of the assurance engagement. However, there is a risk that the inclusion of additional findings is subjective, and may undermine the conclusion and confuse the reader of the report. It may be

- A statement that the engagement was performed in accordance with ISAE 3000;
- A summary of the work performed;
- Level of assurance;
- The practitioner's conclusion (positive form expressed for reasonable assurance; negative form expressed for limited assurance);
- Where appropriate, the conclusion should inform the intended users of the context in which the practitioner's conclusion is to be read;
- Where the practitioner expresses a qualified conclusion, the assurance report should contain a clear description of all the reasons;
- The assurance report date;
- The name of the firm or the practitioner, and a specific location.

preferable for the Refiner to report on any observations for improvement within the body of the Refiner's Compliance Report, as distinct from the assurance report.

The Management Report issued by the auditor is the formal mechanism for communicating observations to the Refiner.

A template of a reasonable and limited assurance is contained within Appendix 6 and 7. Further details on the assurance report are contained in Section 3.2: Deliverables based on ISAE 3000.

## 3 Reporting

### 3.1 Public reporting by Refiners

#### Quick Guide:

This section provides an overview on the information that Refiners are required to publicly report as well as the reports from a third-party audit that will be shared with the LBMA Executive.

Step 5 of the *LBMA Responsible Gold Guidance* requires that Refiners publicly report on their gold supply chain due diligence policies and practices, with appropriate regard for security, proprietary information and the legal rights of the other supply chain actors. The deliverables resulting from a third-party audit support the LBMA's objective for transparency in this regard.

Regardless of the third-party audit approach chosen, the Refiner must publish the following information, in line with the requirements of the Gold Supplement to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas:

- 1) Refiner details and date of the audit;
- 2) Audit activities and methodology;
- 3) Audit conclusion for each step of the *LBMA Responsible Gold Guidance*.

This information is included in the LBMA Summary Report (ISO 19011) or the Refiner's Compliance Report (ISAE 3000).

Public-facing elements of your Report will be hosted on the LBMA website.

Refiners must also make their gold supply chain due diligence policies publicly available, in English, on their website. These policies should be updated annually, reflecting developments in sourcing activities and reporting on any responsible sourcing initiatives or projects. Refiners and auditors should refer to the model supply chain policy in Annex II of the OECD Guidance. Refiners' policies are within scope of the audit.

Table 12: Public Reporting Requirements

Public Reporting Requirements	ISO 19011:2011	ISAE 3000
What <b>should</b> be published?	LBMA Summary Report. Not including Country of origin data	Refiner's Compliance Report and independent assurance report. Not including Country of origin data
Who is responsible for publication?	Refiner	Refiner
What needs to be submitted to the LBMA Executive?	LBMA Summary Report and LBMA Refiner Corrective Action Plan (if medium-risk, high-risk or zero-tolerance non-compliances were identified). Countries of Origin Annex of gold (both mined and recycled), and amount received from each country, for the assessment period.	Refiner's Compliance Report, independent assurance report and Corrective Action Plan (if medium-risk, high-risk or zero-tolerance non-compliances were identified). Countries of Origin of gold (both mined and recycled), and amount received from each country, for the assessment period.
Who is responsible for submission?	Auditing body.	Refiner or auditor (to be agreed between these two parties), except the Corrective

		Action Plan, which the refiner is responsible for submitting.
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## 3.2 Deliverables based on ISO 19011

### Quick Guide:

This section provides a detailed overview on the deliverables that the auditor or audit team is required to prepare following a third-party audit based on the ISO 19011:2011 Standard.

It contains a description of the type of reports to be issued as well as an overview of the information included in each report.

All deliverables will be submitted directly to the Refiner. In addition, a copy of all deliverables will be submitted by the auditing body to the LBMA Regulatory Affairs team by email or hard copy.

At the end of the assessment, or at the end of the project for multi-site assessments, the lead auditor will prepare two (2) reports as part of the deliverables which include a Countries of Origin Annex for mined and recycled gold and amounts (kgs.) received from each origin.

- 1) LBMA Refiner Assessment Report
- 2) LBMA Summary Report

The lead auditor shall prepare one (1) LBMA Refiner Assessment Report. For complex, multi-site assessments, the lead auditor may choose to prepare several LBMA Refiner Assessment Reports. The number of reports to be submitted shall be agreed upon between the auditing body and the Refiner.

The lead auditor shall prepare one (1) LBMA Summary Report, which must include all non-compliances identified for any of the Refiner's individual sites or global systems.

### 1) LBMA Refiner Assessment Report

All the data contained in the assessment report is private and confidential between the auditing body, the Refiner and the LBMA Executive.

The report provides a detailed account of the assessment and must include:

- a) Assessment objectives;
  - b) Assessment scope, in particular the identification of the organisational and functional units or processes audited, and the time period covered;
  - c) Identification of the assessed Refiner;
  - d) Identification of the lead auditor and audit team members;
  - e) Dates and places where the on-site assessment activities were conducted;
  - f) Assessment methodology;
  - g) Any significant or inherent limitations or areas not covered that were within the assessment scope;
  - h) Assessment criteria;
  - i) Assessment findings, including: a description of any non-compliance or observation, its frequency, evidence found to substantiate it and recommended corrective action;
  - j) Recommendations for improvement;
  - k) Assessment conclusions.
- l) The Countries of Origin Annex for mined and recycled gold and amounts (kgs.) received from each origin.

In addition, the report may include:

- m) The assessment plan;
- n) List of Refiner representatives;



- o) Confirmation that the assessment objectives have been accomplished;
- p) Summary of the assessment process, including any uncertainty and/or obstacles encountered;
- q) Any unresolved diverging opinions between the auditor or audit team and the Refiner;
- r) Statement of the confidential nature of the contents;
- s) Distribution list for the assessment report.

## 2) LBMA Summary Report

The summary report must include:

- a) Identification of the assessed Refiner;
- b) Assessment period;
- c) Confirmation of the auditor or audit team's professional qualifications;
- d) Confirmation of the auditor or audit team's independence;
- e) Assessment scope;
- f) Assessment methodology;
- g) Any significant or inherent limitations or areas not covered that were within the assessment scope;
- h) Assessment criteria;
- i) Assessment findings, including a description of any non-compliance or observation and the timeframe for the implementation of corrective actions;
- j) Assessment conclusion, including the auditor or audit team's determination of the Refiner's compliance level for each step of the *LBMA Responsible Gold Guidance*;

The final version of the **Refiner Assessment Report** and the **LBMA Summary Report** should be submitted by the auditing body to the LBMA Executive. In accordance with Step 5 of the *LBMA Responsible Gold Guidance*, Refiners should make the LBMA Summary Report available to the public. The Countries of Origin Annex for mined and recycled gold is reviewed confidentially by the LBMA Executive and may be placed in the public domain by the refiner if they wish.

## 3.3 Deliverables based on ISAE 3000

### Quick Guide:

This section provides a detailed overview of the deliverables that the auditor is required to prepare following a third-party audit based on the ISAE 3000 Standard.

The auditor is recommended to provide two (2) deliverables to the Refiner at the conclusion of the assurance engagement.

The assurance deliverables should be provided following the Refiner's final approved version of the Refiner's Compliance Report. In accordance with ISAE 3000, the auditor may request that the Refiner sign a representation letter, which sets out the Refiner's responsibilities, including an explicit statement that the Refiner has established processes and controls, in order to be satisfied that they are in compliance with the *LBMA Responsible Gold Guidance*.

The two assurance deliverables are:

### 1) Independent Assurance Report

The report is addressed to the Board of Directors or Management, and states the auditor's conclusion. The assurance report should be publicly disclosed alongside the Refiner's Compliance

Report or clearly sign-posted to where it can be accessed. Example templates for the independent reasonable assurance report and independent limited assurance report are provided in [Appendix 6](#) and [Appendix 7](#). For guidance on the content, including mandatory ISAE 3000 disclosures, refer to Table 11: Key assurance concepts; 2.2.6 Assurance Report.

The intention is that the Refiner's Compliance Report and the accompanying independent assurance report will be available to the LBMA Executive and disclosed publicly. The Annex detailing Countries of Origin for mined and recycled gold and amounts (Kgs.) received from each origin is confidential and whilst available to the LBMA Executive, is not disclosed publicly unless the refiner chooses to do so.

An auditor's consent to the assurance report being published is because publication of the assurance report is a requirement of the *LBMA Responsible Gold Guidance*. Consent and publication of the report are not intended to indicate that auditors accept any liability to parties other than their clients.

For ISAE 3000 engagements, there is no requirement that the auditor submits a copy of the independent assurance report directly to the LBMA Executive. The LBMA Executive requires that it receives the final version, but does not have a preference as to whether a copy is sent from the Refiner or auditor. The auditor should discuss with the Refiner the method of providing the report to the LBMA Executive.

## 2) Management Report

This report is addressed to the Refiner. It is recommended that the Management Report include the following information:

- a) Name of the Refiner;
- b) Reporting period subject to assurance;
- c) Assurance team's professional qualifications;
- d) Confirmation of the auditor's independence;
- e) Assurance scope and level of assurance;
- f) Summary of assurance procedures;
- g) Any significant or inherent limitations or areas not covered;
- h) Assurance observations, findings and recommendations for improvement;
- i) Description of any low-risk deviations from conformance identified by the auditor (refer to Appendix 4 for definitions of compliance and non-compliance);
- j) Specific observations with respect to the Refiner's Corrective Action Plan and implementation progress;
- k) Assurance conclusion (or reference to the conclusion within the independent assurance report);
- l) Countries of Origin Annex for mined and recycled gold including the amounts (Kgs.) received from each origin and
- m) Other relevant information.

The Management Report is prepared by the auditor. Its content is for the benefit of the Refiner and its contents are not disclosed publicly. A copy should be provided to the LBMA Executive as part of the mandatory deliverables.

## 4 Third-party audit follow-up

### 4.1 Corrective Action Plan

#### Quick Guide:

This section defines the responsibility of a Refiner to define appropriate corrective actions for any non-compliance with one or more requirements of the *LBMA Responsible Gold Guidance*.

It further describes the process to communicate corrective actions determined by the Refiner to the LBMA Executive.

When there are medium-risk, high-risk or zero-tolerance non-compliances with one or more of the requirements as set out in Steps 1 to 5 of the *LBMA Responsible Gold Guidance*, the Refiner shall prepare a Corrective Action Plan. Non-compliances may be identified by the Refiner as part of its self-assessment or by the auditor.

For each non-compliance, the Corrective Action Plan must include:

- a) A description of the non-compliance or observation;
- b) Reference to the relevant section in the *LBMA Responsible Gold Guidance*;
- c) Assigned risk rating of the non-compliance;
- d) Corrective actions to be taken for each non-compliance identified;
- e) The timeframe for completion of corrective actions for each non-compliance identified; and
- f) The person responsible for the implementation of each corrective action.

It is the responsibility of the Refiner to complete the Corrective Action Plan. Guidance criteria for the risk ratings applied to each non-compliance (including medium-risk, high-risk or zero-tolerance) are set out in [Appendix 1](#).

Corrective actions identified shall be specific, measurable, achievable, timely, appropriate and effective in addressing the root cause of the non-compliance.

The timeframe for the implementation of corrective actions must be realistic and cannot exceed:

- a) Ninety (90) days for any medium-risk non-compliance;
- b) Ninety (90) days for any high-risk non-compliance;
- c) Any zero-tolerance non-compliance must be addressed immediately.

A copy of the Refiner's Corrective Action Plan for all non-compliances (medium-risk, high-risk or zero-tolerance) should be provided to the LBMA Executive.

Refiners may report low-risk non-compliances in their compliance report (for ISAE 3000 audits) or include them in the Corrective Action Plan. Inclusion of low-risk non-compliances in a refiners compliance report would provide positive proof of a commitment to continuous improvement.

For third-party audits based on the ISO 19011:2011 Standard, the Corrective Action Plan shall be submitted for review and approval to the lead auditor within one (1) month following the on-site assessment. The auditing body will submit the Corrective Action Plan, together with the LBMA Summary Report, to the LBMA Executive.

For assurance engagements based on the ISAE 3000 Standard, the Corrective Action Plan should be reviewed by the auditor as part of their assurance testing. The Refiner is responsible for submitting the Corrective Action Plan to the LBMA Executive (recommended to be provided at the



same time as a copy of the Refiner's Compliance Report and independent assurance report is submitted). A Corrective Action Plan only should be submitted to the Executive if medium-risk, high-risk or zero-tolerance non-compliances are identified.

## 4.2 Implication of Non-Compliance

### Quick Guide:

This section outlines the consequences for a Refiner should non-compliance(s) with the *LBMA Responsible Gold Guidance* be identified, including where follow-up assessments/audits are required.

The detailed approach for third-party audits based on ISO 19011 or ISAE 3000 is described in two separate sections.

### Implications based on ISO 19011:2011

Corrective actions are not included in the scope of the initial on-site assessment. The Refiner's implementation of corrective actions shall be verified through an independent third-party assessment.

The auditor or audit team selected by the Refiner to verify the implementation of corrective actions may or may not be the same as those carrying out the initial on-site assessment. In case the same auditor or audit team is selected to verify the implementation of corrective actions, care should be taken to maintain independence in subsequent verification activities.

Verification of the Refiner's implementation of corrective action will vary in accordance with the overall level of compliance of the Refiner, with the requirements as set forth in the *LBMA Responsible Gold Guidance*.

#### Low-risk Refiners:

Any low-risk Refiner may choose to undergo an annual assessment review as opposed to a full assessment audit, which will include a review of the implementation of all corrective actions taken. Refiners may refer to [Section 4.3. Re-Assessments](#) for details on the scope and assessment period of assessment reviews.

Failure to adequately address low-risk non-compliances by the next audit should result in a higher risk rating and will therefore need to be included in the Corrective Action Plan.

#### High-risk and Medium-risk Refiners:

Any high-risk Refiner must undergo a follow-up assessment within ninety (90) days of the completion of the initial on-site assessment. Refiners may refer to [Section 4.3. Re-assessments](#) for details on the scope of a follow-up assessment.

Any non-compliances for which corrective actions have not been completed at the time of the follow-up assessment will be included again in the Refiner's Corrective Action Plan and are subject to the same conditions of follow-up on their remediation. Failure to adequately address high-risk non-compliances and/or failure to complete corrective actions for high-risk non-compliances by the second follow-up assessment must be communicated by the auditing body to the LBMA Chief Executive within 24 hours.

The LBMA Executive will review each case in a timely and objective manner and may suspend or delist the Refiner concerned from the List of accredited Good Delivery Gold Refiners. Failure of the



Refiner to commission a follow-up assessment within ninety (90) days of the completion of the initial on-site assessment may also result in the Refiner's suspension or delisting [MB1] from the LBMA List of accredited Good Delivery Gold Refiners.

### **Zero Tolerance:**

Any zero-tolerance non-compliance must be communicated by the auditing body to the LBMA Chief Executive within 24 hours. The LBMA Executive will review each case in a timely and objective manner and may suspend or delist the Refiner concerned from the List of accredited Good Delivery Gold Refiners.

Refiners who are delisted due to failure to comply with the LBMA responsible sourcing programme are unable to re-apply for GDL accreditation for a minimum of five (5) years.

### **Implications based on ISAE 3000**

As stated in Section 4.1, non-compliances (medium-risk, high-risk or zero-tolerance) should be reported by the Refiner in the Corrective Action Plan. The following assurance implications should be considered for Correction Action Plans as part of the annual assurance engagement.

It is recommended that auditors:

- Include any low-risk deviations from conformance identified by the auditor in the Management Report (refer to Appendix 1 for definition). The Refiner should address any low-risk deviations from conformance as part of normal business practice and as part of their continuous improvement activities.
- Review the Refiner's Corrective Action Plan, and assess whether it includes all relevant information and is completed in accordance with the requirements (set out in Section 4.1).
- Review the implementation of corrective actions identified in the previous period.
- Consider whether there are any implications to the disclosures in the Refiner's Compliance Report. There should be consistency between the content reported in the Corrective Action Plan and the Refiner's Compliance Report. For example, if there is a high-risk non-compliance, then the Refiner's Compliance Report should include a description of the non-compliance and, in relation to that Step, a 'non-compliance' statement should be disclosed in the relevant section of the Refiner's Compliance Report.
- Where the auditor identifies a non-compliance (medium-risk, high-risk or zero-tolerance) as part of their assurance procedures, it is recommended that they communicate this with the Refiner immediately so that the Refiner can start to implement a Corrective Action Plan.
- Consider any implications to the planned assurance procedures and, if considered necessary, expand testing to assess whether there are material concerns and implications to the assurance report.
- Encourage the Refiner to appropriately describe details of the non-compliances (medium-risk, high-risk or zero-tolerance) in its Refiner's Compliance Report in order to be able to issue a non-qualified opinion.

Any instances of zero-tolerance non-compliance should be reported by the auditor to those charged with governance at the Refiner within 24 hours and communicated to the LBMA Chief Executive

## 4.3 Re-assessments

### Quick Guide:

This section provides an overview of the continuous improvement and ongoing monitoring process for Refiners. It describes the different types of re-assessments/assurance engagements a Refiner is required to undergo so as to remain in compliance with the *LBMA Responsible Gold Guidance*.

The scope for each type of assessment is described in separate sections for third-party audits based on ISO 19011 or ISAE 3000 Standards.

### Re-assessments based on ISO 19011:2011

Where not otherwise specified, the scope of any on-site assessment of a Refiner's gold supply systems, procedures, processes and practices shall be as outlined in Section 2.1. Third-party audit approach based on ISO 19011.

#### Annual Assessment Review:

Any Refiner found to be compliant or low-risk non-compliant in a full assessment may choose to undergo an annual assessment review as opposed to a full review. The review shall take place within three (3) months of the Refiner closing the financial books and covers the period of twelve (12) months prior to the assessment review date. Failure to submit reports in a timely manner may result in suspension or delisting from the Good Delivery List.

The scope of the Annual Assessment Review includes:

- a) Any significant changes to the Refiner's gold supply chain systems, policies, procedures, processes and activities over the period of twelve (12) months prior to the assessment;
- b) A review of a sample of documentation for transactions as defined in the *LBMA Responsible Gold Guidance* for gold-bearing material received within the assessment period (refer to Section 2.1. Third-party audit approach based on ISO 19011:2011 for details);
- c) A review of a sample of gold supplying counterparty due diligence files for active gold supplying counterparties within the assessment period (refer to Section 2.1. Third-party audit approach based on ISO 19011:2011 for details);
- d) A review of the implementation of all corrective actions taken to address all low-risk non-compliances.

#### Full Re-assessment:

Any medium-risk or high-risk Refiner must undergo a full re-assessment, covering the period of twelve (12) months prior to the re-assessment date.

The scope and process of the assessment shall be as outlined in this Assessment Guidance document.

In addition, the auditor or audit team will review the implementation of all corrective actions taken to address all medium-risk and/or low-risk non-compliances that were identified in the initial on-site assessment. Non-compliances outstanding from previous years should be revised to a high risk rating.

### **Follow-up Assessment:**

Any high-risk Refiner must undergo a follow-up assessment, covering the time period between the initial on-site assessment and the date of the follow-up assessment.

In a follow-up assessment, the auditor or audit team shall exclusively verify the implementation of the Refiner's corrective actions taken to address all non-compliances, including a review of the status of implementation of corrective actions taken to address all medium-risk and/or low-risk compliances where the timeframe for implementation exceeds ninety (90) days. Failure to adequately address high-risk non-compliances and/or failure to complete corrective actions for high-risk non-compliances by the second follow-up assessment must be communicated by the auditing body to the LBMA Chief Executive within 24 hours.

### **Assurance engagements based on ISAE 3000**

#### **Level of assurance:**

In the first year and every three (3) years, a reasonable assurance engagement should be performed. Limited assurance can be performed annually for the two years in between a reasonable assurance engagement. It is also possible for the Refiner to elect reasonable assurance for each year. The LBMA Executive may at its discretion request to the Refiner that a reasonable assurance engagement be performed more regularly.

#### **Follow-up audits:**

Where the Refiner has any high-risk non-compliances, the LBMA recommends that the auditor performs a 'follow-up audit' to a reasonable assurance level within ninety (90) days after the release of the Refiner's Compliance Report. The scope of the follow-up audit is the LBMA Refiner's Corrective Action Plan, which should provide details of the implementation of the Refiner's corrective actions taken to address all high-risk non-compliances. The auditor should issue a separate independent assurance report to accompany the Refiner's Corrective Action Plan, and a copy of both these documents should be made available to the LBMA Executive.

Failure to adequately address high-risk non-compliances and/or failure to complete corrective actions for high-risk non-compliances by the second follow-up assessment must be communicated by the auditing body to the LBMA Chief Executive within 24 hours.

Any instances of zero-tolerance non-compliance should be reported by the auditor to those charged with governance at the Refiner within 24 hours and communicated to the LBMA Chief Executive.

The LBMA Executive will review each case in a timely and objective manner, and may suspend or delist the Refiner concerned from the List of accredited Good Delivery Gold Refiners.



## **5 Complaints Mechanism**

Any complaint must be made in writing and must be supported by objective evidence. Complaints must be mailed or emailed to:

LBMA Chief Executive  
1-2 Royal Exchange Buildings  
London  
EC3V 3LF  
[mail@lbma.org.uk](mailto:mail@lbma.org.uk)

Oral complaints will not be accepted; all complaints must be in the English language.

APPENDIX 1		DEFINITIONS OF NON-COMPLIANCES	
	ISO 19011:2011	ISAE 3000	
<b>Compliance: Definition</b>	A Refiner is considered in compliance with the requirements of the <i>LBMA Responsible Gold Guidance</i> if <b>all</b> of the following criteria apply.	A Refiner is in compliance with the requirements of the <i>LBMA Responsible Gold Guidance</i> if they achieve the following.	
<b>Criteria</b>	<ol style="list-style-type: none"> <li>1) The Refiner fully participates in the assessment and provides full access to the auditor or audit team to all aspects of the on-site visit (observation, documentation and interviews);</li> <li>2) The Refiner’s gold supply chain systems, policies, procedures, processes and practices perform in a manner that is compliant with the requirements set forth in the <i>LBMA Responsible Gold Guidance</i>; and</li> <li>3) The Refiner maintains sufficient gold supplying counterparty due diligence and transactional documentation to reasonably demonstrate that the Refiner has properly conducted supply chain due diligence and monitoring of transactions as required by the <i>LBMA Responsible Gold Guidance</i>.</li> </ol>	<ol style="list-style-type: none"> <li>i) For each of the five steps in the <i>LBMA Responsible Gold Guidance</i>, the Refiner has appropriately implemented the requirements. This includes having effective gold supply chain policies, procedures, processes, management systems and practices, which perform in a manner that is compliant with the requirements set forth in the <i>LBMA Responsible Gold Guidance</i>;</li> <li>ii) Prepares the Refiner’s Compliance Report, which includes the minimum information as described in the <i>LBMA Responsible Gold Guidance</i>. In addition, the description of activities undertaken to demonstrate compliance should fairly represent the activities over the full reporting year (e.g.be complete, accurate, relevant and timely); and</li> <li>iii) Fulfils the Refiner’s responsibilities (as set out in Appendix 3):               <ul style="list-style-type: none"> <li>– Responsible for conformance with Steps 1 to 5 of the <i>LBMA Responsible Gold Guidance</i> (see i) above);</li> <li>– Responsible for preparing the Refiner’s Compliance Report. This should be publicly disclosed alongside the independent assurance report (see ii) above);</li> <li>– Responsible for preparing and publishing a policy on gold supply chain, which demonstrates how the Refiner complies with the steps set out in the <i>LBMA Responsible Gold Guidance</i>;</li> <li>– Appoint an independent auditor using the competencies set out in the Audit Guidance;</li> <li>– Provides access to all evidence required by the auditor; and</li> <li>– Implements a Corrective Action Plan for all medium-risk, high-risk or zero-tolerance non-compliances identified. A copy of the Corrective Action Plan should be provided to the LBMA Executive.</li> </ul> </li> </ol>	

<p><b>Low-risk deviations from conformance: Definition</b></p>	<p>A Refiner will no longer be compliant with one or more requirements of the <i>LBMA Responsible Gold Guidance</i> if low-risk non-compliances are identified.</p> <p>A Refiner is considered low-risk non-compliant with the requirements of the <i>LBMA Responsible Gold Guidance</i> if <b>any</b> of the following criteria apply.</p>	<p>A Refiner can still be in conformance with the Responsible Gold Guidance if only low-risk deviations from conformance are identified.</p> <p>Low-risk deviations are not required to be publicly disclosed by the refiner in the Refiner's Compliance Report.</p> <p>Note: Low-risk deviations from conformance are not significant (i.e. finding unlikely to result in an audit modification) and the criteria is consistent with low-risk non-compliances for ISO 19011 purposes.</p> <p>There are different consequences to medium-risk and high-risk non-compliances (the reference to 'low-risk deviation from conformance' is intended to avoid confusion relating to the consequences of non-compliance).</p> <p>A Refiner is likely to have low-risk deviations from conformance with the requirements of the <i>LBMA Responsible Gold Guidance</i> if <b>any</b> of the following criteria apply.</p>
<p><b>Criteria</b></p>	<p>Low-risk non-compliances (ISO 19011) or low-risk deviations from conformance (ISAE 3000) may relate to the Refiner's gold supply chain management systems, Refiner's gold supplying counterparty due diligence, documentation of a Refiner's transactions of gold-bearing material or any other aspect covered by the <i>LBMA Responsible Gold Guidance</i>, including but not limited to:</p> <ul style="list-style-type: none"> <li>■ An occasional or isolated problem related to the performance of the Refiner's systems, policies, procedures, processes and practices;</li> <li>■ A lack of formalisation of policies or procedures;</li> <li>■ Occasional failure to request and obtain appropriate due diligence documentation required in order to perform an appropriate assessment of the supply chain for all reviewed gold supplying counterparty files;</li> <li>■ Occasional failure to request and obtain appropriate transactional documentation for counterparties assessed as low-risk; or</li> <li>■ An issue that presents a low risk to the integrity of the LBMA system.</li> </ul> <p>Minor or administrative inconsistencies with the <i>LBMA Responsible Gold Guidance</i> that may be dealt with promptly by the Refiner may not necessarily be recorded as a low-risk non-compliance or low-risk deviation from conformance.</p>	
<p><b>Medium-Risk Non-Compliance: Definition</b></p>	<p>A Refiner is considered medium-risk non-compliant with the requirements of the <i>LBMA Responsible Gold Guidance</i> if <b>any</b> of the following criteria apply:</p>	<p>A Refiner is likely to have medium-risk non-compliances with the requirements of the <i>LBMA Responsible Gold Guidance</i> if <b>any</b> of the following criteria apply:</p>

**Criteria**

Medium-risk non-compliances may relate to the Refiner’s gold supply chain management systems, Refiner’s gold supplying counterparty due diligence, documentation of a Refiner’s transactions of gold-bearing material or any other aspect covered by the *LBMA Responsible Gold Guidance*, including but not limited to:

- Multiple aspects of the Refiner’s gold supply chain systems, policies, procedures, processes and practices are not in compliance with one requirement:<sup>1</sup>
- Multiple problems related to the performance of the Refiner’s gold supply chain systems, policies, procedures, processes and practices are related to the same root cause:<sup>2</sup>
- Recurrent failure to request and obtain appropriate due diligence documentation required in order to perform a proper assessment of the supply chain for all reviewed gold supplying counterparty files;
- A problem related to the Refiner’s internal material control mechanism:<sup>3</sup> or
- Recurrent failure to request and obtain appropriate transactional documentation for the sample of transactions; or
- Recurrent failure to adequately address low-risk non-compliance or low-risk deviations from conformance by the Refiner may result in the issue becoming a medium-risk non-compliance.

**High-Risk Non-Compliance: Definition**

A Refiner is considered high-risk non-compliant with the requirements of the *LBMA Responsible Gold Guidance* if **any** of the following criteria apply:

A Refiner is likely to have high-risk non-compliances with the requirements of the *LBMA Responsible Gold Guidance* if **any** of the following criteria apply:

**Criteria**

High-risk non-compliances may relate to the Refiner’s gold supply chain management systems, documentation of a Refiner’s gold supplying counterparty due diligence and transactions of gold-bearing material or any other aspect covered by the *LBMA Responsible Gold Guidance*, including but not limited to:

- Total absence of implementation, a systemic failure of or complete lack of control over required gold supply chain systems, policies, procedures, processes and practices;
- Failure to assess risks in the Refiner’s gold supply chain, to regularly review the risk assessment or to report the results of the risk assessment to senior management;
- Failure to identify conflict-affected or high-risk areas in the Refiner’s gold supply chain or lack of implementation of the Refiner’s risk mitigation strategy;
- Failure to systematically request and obtain appropriate due diligence documentation for all gold supplying counterparty files;
- Failure to systematically request and obtain appropriate transactional documentation for transactions; or
- Insufficient key documentation that affects any transaction from high-risk supply chains (such as no transaction records, transaction records not in official counterparty name, etc.).

<sup>1</sup> Example: The Refiner has a written procedure for the approval of suppliers of gold-bearing material. However, no employees have been trained on the procedure, no clear responsibility is assigned and auditors found that the procedure is not systematically followed.



<b>Zero Tolerance: Definition</b>	<p>Non-compliances that put the credibility and integrity of the LBMA system at risk are not tolerated.</p> <p>Any zero-tolerance non-compliance will be communicated by the auditing body to the LBMA Chief Executive within 24 hours.</p> <p>The LBMA Executive will review each case in a timely and objective manner, and may delist the Refiner concerned from the List of accredited Good Delivery Gold Refiners.</p>	<p>Non-compliances that put the credibility and integrity of the LBMA system at risk are not tolerated.</p> <p>Any instances of zero-tolerance non-compliance will be reported by the auditor to those charged with governance at the Refiner within 24 hours, and communicated to the LBMA Chief Executive.</p> <p>The LBMA Executive will review each case in a timely and objective manner and may delist the Refiner concerned from the List of accredited Good Delivery Gold Refiners.</p>
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<b>Criteria</b>	<p>Any of the following non-compliances are considered zero tolerance (the following list is non-exhaustive):</p> <ul style="list-style-type: none"> <li>■ Access is partially or fully denied to the auditor by the Refiner;</li> <li>■ Gold-bearing material is identified that is associated with armed conflict, serious human rights abuses, financing of terrorism or money laundering;</li> <li>■ The Refiner attempts to influence the outcome of the assessment through unethical means;</li> <li>■ Evidence is found that documentation has been falsified by the Refiner, or with the knowledge and acceptance of the Refiner, by any actor in the Refiner's gold supply chain;</li> <li>■ The Refiner deliberately misrepresents facts through deception, coercion or interference; or</li> <li>■ Any other action or absence thereof by the Refiner putting at risk the credibility or integrity of the LBMA system.</li> </ul>
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<sup>2</sup> Example: The Refiner has not established a formal procedure for the approval of suppliers and due diligence documentation is not systematically kept on file. All non-compliances are due to the fact that the Refiner has not appointed a Compliance Officer.

<sup>3</sup> Example: The Refiner does not identify each refined gold transaction with a specific reference number.

## APPENDIX 2 Examples of Documents for Review ISO9011:2011

### Documentation Requirements

#### A) Refiner's Management System

The following documentation **may** be used by the Refiner to demonstrate the existence, communication and implementation of gold supply chain management systems:

- Gold Supply Chain Policy (must be public (Step 5));
- Internal policies and procedures related to: supply chain due diligence, material controls and transparency, traceability documentation, identification of gold supplier and assessment of risks associated with each of them;
- Relevant job descriptions;
- Communication of policy to employees and gold supplying counterparties;
- Meeting minutes;
- Training records and records of assisting gold supplying counterparties in building responsible gold supply chain;
- List of gold supplying counterparties;
- Types of gold-bearing material received and processed;
- Due diligence records (record-keeping five years);
- Information on gold supply chain publicly available or communicated to third party;
- Procedures to respond to request for information, records of requests for information/complaints regarding responsible gold sourcing practice.

#### B) Refiner's Due Diligence Measures

Where applicable, the following documentation **must** be provided to demonstrate adequate and effective due diligence is carried out in the selection, approval and monitoring process of gold supplying counterparties:

- Refiner's Supply Chain Risk Assessment;
- Documentation regarding gold supplying counterparty due diligence;
- Evidence of refusal of commercial gold supplying counterparties, incident report forms or any evidence of exclusion of a gold supplying counterparty, if any;
- Minutes of compliance committee meetings, if any.

**B) i)  
Documentation  
Supply Chain  
Risk  
Assessment:**

- B) i) a) The following information **should** be collected as the basis for the Refiner's Supply Chain Risk Assessment for mined material:
- Verification of the identity of the gold supplying counterparty using reliable independent source documents, data or information;
  - Verification that the gold supplying counterparty is not named on any government list of wanted money launderers, fraudsters or terrorists;
  - Identification of the beneficial owner and that he/she is not named on any government list of wanted money launderers, fraudsters or terrorists;
  - Collect business and financial details, including purpose and intent of the business relationship;
  - Identification of origin of gold based on reasonable and good faith efforts;
  - Mining licence, if applicable;
  - Import/export gold licence, if applicable;
  - Collection and assessment of mining practice;
  - Data on mining capacity, if available;
  - For ASM gold, assessment whether the ASM can be considered involved in legitimate artisanal and small-scale mining and whenever it's not the case, supporting measures to build secure, transparent and verifiable gold supply chains from mine to market;
  - If possible, records to demonstrate that the Refiner has engaged in capacity building measures with the gold supplying counterparty.
- The Refiner may determine the extent of these measures on a risk-sensitivity basis.
- Nonetheless, if any of the following criteria apply to a supply chain:
- Mined Gold originates, has transited or has been transported via conflict-affected or serious human rights abuse high-risk area;
  - Mined Gold originates from a country with limited known reserves;
  - Supplier or other known upstream companies are located in a country with high-risk for money laundering, crime or corruption;
  - Gold supplier or other known upstream companies or its beneficial owner is a politically exposed person;
  - Gold supplier or other known upstream companies is in a higher-risk business activity.
- All the above information and the following additional information is required:
- On-site visit or investigation;
  - Verification of the identity, identification of the beneficial owner, checking on government watchlist information for each company involved in the supply chain (LSM gold: from mine to Refiner/ASM gold: from gold exporter to Refiner);
  - Records of management's approval of high-risk supply chain(s) and yearly evaluation if business is to be continued or not.
- B) i) b) The following information **should** be collected as the basis for the Refiner's Supply Chain Risk Assessment for recycled material:
- Point of origin: point where the gold-bearing material is returned to the Refiner or other downstream intermediate processor or recycler to begin a new life cycle;
  - Verification of the identity of the gold supplying counterparty using reliable independent source documents, data or information;
  - Verification that the gold supplying counterparty is not named on any government list of wanted money launderers, fraudsters or terrorists;
  - Identification of the beneficial owner and that he/she is not named on any government list of wanted money launderers, fraudsters or terrorists;
  - Collect business and financial details, including purpose and intent of the business relationship;
  - Collect and assess gold supplying counterparty's AML-CFT policy and practices, if applicable;

- If possible, records to demonstrate that the Refiner has engaged in capacity building measures with the gold supplying counterparty. The Refiner may determine the extent of these measures on a risk-sensitivity basis. Nonetheless, if any of the following criteria apply to a supply chain:
  - Recycled Gold originates, has transited or has been transported via conflict-affected or serious human rights abuse high-risk area;
  - Recycled Gold originates from a country where gold from a conflict-affected or serious human rights abuse high-risk area is known or reasonably suspect to transit;
  - Supplier or other known upstream companies are located in a country with high-risk for money laundering, crime or corruption;
  - Gold supplier or other known upstream companies or its beneficial owner is a politically exposed person;
  - Gold supplier or other known upstream companies is in a higher-risk business activity.
  - All the above information and the following additional information is required:
    - On-site visit or investigation for high-risk supply chains;
    - Verification of the identity, identification of the beneficial owner, checking on government watch-list information for the gold supplying counterparty and transporters;
    - Records of management’s approval of high-risk supply chain(s) and yearly evaluation if business is to be continued or not;

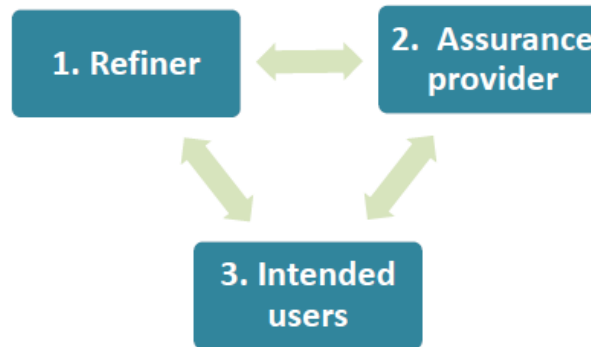
**C)  
Transactional  
Documentation  
& Material  
Control**

- Refiners **must** be able to provide the following documentation to demonstrate material control:
- Material control procedures;
  - Inventory documents: list of all material received, current gold inventory list;
  - Shipping documentation;
  - Evidence of unique reference numbers assigned for each lot refined;
  - Type of each gold-bearing material received;
  - Country of origin of the material for mined gold-bearing material or country of the point of origin for recycled or grandfathered gold-bearing material;
  - Weight and assay result for each transaction.

## Appendix 3 The three-party relationship involved in the LBMA Responsible Gold Guidance ISAE 3000 assurance engagement and corresponding responsibilities

### 1. Refiner

- Responsible for conformance with Steps 1 to 5 of the LBMA Responsible Gold Guidance and overall compliance
- Responsible for preparing the annual Refiner Compliance Report. This should be publicly disclosed alongside the independent assurance report within 3 months of the reporting year-end
- Responsible for preparing and publishing a policy on gold supply chain, which demonstrates how the refiner complies with the LBMA Responsible Gold Guidance
- Appoints an independent assurance provider using the competencies set out in the LBMA Assurance Guidance (refer to section 5.10)
- Provides access to all evidence required by the assurance provider
- Implements a Corrective Action Plan for all non-compliances identified. A copy of the Corrective Action Plan should be provided to the LBMA Executive



### 3. Intended Users

- Uses the Refiner Compliance Report and independent assurance report to make decisions
- Intended users include:
  - Refiner
  - LBMA Executive
  - Refiner's clients & counterparties

### 2. Assurance provider

- Engaged by the Refiner to report, in accordance with the recognised assurance standards, on whether the Refiner's Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance with the *LBMA Responsible Gold Guidance*
- Satisfies the auditor competency requirements, and provides a specific declaration on this within the assurance report
- Applies recognised assurance standards, and abides by standards of quality control
- Performs assurance procedures to obtain evidence including reviewing the Corrective Action Plan and progress made
- Issues an annual independent assurance report
- Communicates assurance findings to Refiner's management by issuing an internal Management Report

APPENDIX 4 Examples of Assurance Activities for ISAE 3000 Engagements *		
Phase	Objective	Example assurance activities
<p><b>Planning and risk assessment</b></p>	<p>The objective of planning and risk assessment is to obtain an understanding of the Refiner's business, sector industry and environment, its reporting policies, practices and performance, and the intended users of its LBMA Responsible Gold report, as well as to understand and evaluate the company-level controls.</p> <p>ISAE 3000 'The practitioner should plan the engagement so that it will be performed effectively.'</p> <p>'The practitioner should plan and perform an engagement with an attitude of professional scepticism recognising that circumstances may exist that cause the subject matter information to be materially misstated.'</p> <p>'The practitioner should reduce assurance 'engagement risk to an acceptably low level in the circumstances of the engagement.'</p> <p>During planning, it should be assessed if the Refiner's information can be audited and what is the most efficient and effective way of conducting the assurance engagement.</p> <p>This will allow assurance practitioners to develop tailored assurance procedures to address the assurance risks identified. These procedures should gather sufficient appropriate evidence to support the conclusion in the independent assurance report.</p>	<ul style="list-style-type: none"> <li>■ Assessment of any risks that may impede on engagement acceptance (e.g. independence, conflict of interest, competencies)</li> <li>■ Agree on the following information with the Refiner:               <ul style="list-style-type: none"> <li>– Fees (including travel expenses);</li> <li>– Delivery timeframes and milestones;</li> <li>– Team composition;</li> <li>– Relevant documentation (including its location and availability);</li> <li>– Programme for on-site audit and timescales;</li> <li>– Responsibilities confirmed for auditors and Refiners.</li> </ul> </li> <li>■ Finalise contractual arrangements;</li> <li>■ Kick-off meeting with Refiner;</li> <li>■ Consideration of the Refiner's existing internal or external audits, and supply chain due diligence initiatives that could be relied upon;</li> <li>■ Assessment of the suitability of criteria, i.e. does the Refiner's application of the reporting criteria (consisting of the <i>LBMA Responsible Gold Guidance</i> and the supply chain policy document) meet the five characteristics of suitable criteria (relevant, completeness, reliability, neutrality and understandability);</li> <li>■ Review of Refiner's gold supply chain policy and/or internal methodology documents;</li> <li>■ Review of draft Corrective Action Plan and draft Refiner's Compliance Report (if available);</li> <li>■ Obtain an understanding of the Refiner's operations (in order to develop the planned approach, including nature, timing and extent of assurance procedures) including:               <ul style="list-style-type: none"> <li>– Names, locations, types of gold-bearing material received and processed;</li> <li>– Unit operations on site where gold-bearing materials are processed;</li> <li>– Relevant information about the Refiner's operations and processes that are actively contributing to activities, processes or systems related to Gold Refining (including off-site offices, processing facilities and/or storage areas for gold-bearing material);</li> <li>– List of gold supplying counterparties, including country of residence and risk level in the reporting period;</li> <li>– List of all transactions of gold-bearing material received in the reporting period for purposes of Gold Refining;</li> <li>– Organisational chart</li> </ul> </li> </ul>

**Testing**

During this phase, the assurance provider performs assurance procedures to obtain sufficient appropriate evidence to reduce the assurance risk to an acceptable level. ISAE 3000 'The practitioner should obtain sufficient appropriate evidence on which to base the conclusion.'

- Perform a walkthrough of the Refiner due diligence process to gain an understanding of implemented controls and procedures. Focus areas could include:
  - Knowledge and implementation of gold supply chain management systems;
  - Identification of recycled material and grandfathered material (e.g. stamps, marks or inventory lists, etc.);
  - Shipments where material could be associated with money laundering, terrorist financing, contribution to conflict or serious human rights abuse and how the Refiner deals with them (e.g. quarantined until the Refiner obtains additional data to confirm or refute its preliminary assessment);
  - Shipments where material is associated with money laundering, terrorist financing, contribution to conflict or serious human rights abuse, and how the Refiner deals with them (e.g. quarantined and Refiner immediately stops refining gold from this provenance).
  
- Testing of Refiner's gold supply chain management systems; for example:
  - Supporting documentation of communication and implementation of systems, policies, procedures and practices in accordance with the Refiner's gold supply chain internal management systems;
  - Evidence and registers supporting the above;
  - Testing a representative sample of Refiner gold supplying counterparty due diligence files and transactions to confirm that documentation related to due diligence measures in the gold supply chain is systematically requested, collected and maintained on file in compliance with the *LBMA Responsible Gold Guidance*. (It is recommended to plan sufficient time for this testing to be performed).
  
- Review of draft Refiner's Compliance Report
  - Assessment of whether the descriptions of activities and conclusions contained within are fairly stated (complete, relevant, accurate, timely) and fairly represent the results of the assurance testing performed.
  
- Interviews with Refiner management on-site;
- Review of Corrective Action Plans;
- Assess results of assurance testing, and any implication to the assurance approach.

<p><b>Completion and reporting</b></p>	<p>The objective of the completion phase is to form an assurance conclusion and provide other reporting as necessary.</p> <p>ISAE 3000 ‘The practitioner should conclude whether sufficient appropriate evidence has been obtained to support the conclusion expressed in the assurance report.’</p> <p>‘The assurance report should be in writing and should contain a clear expression of the practitioner’s conclusion about the subject matter information.’</p>	<ul style="list-style-type: none"> <li>■ Evaluate evidence;</li> <li>■ Final review of the Refiner’s Compliance Report, signed off by management;</li> <li>■ Closing meeting and presentation of findings;</li> <li>■ Obtain management representations;</li> <li>■ Preparation of two deliverables:             <ul style="list-style-type: none"> <li>– Independent Assurance report;</li> <li>– Management Report.</li> </ul> </li> </ul>
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**\*Note that the information contained in the table above is for guidance purposes. The auditor should apply their professional judgement and consider the specific circumstances for each assurance engagement.**



## Appendix 5 Example of the Refiner’s Compliance Report (prepared by the Refiner for ISAE 3000 engagements)

The *LBMA Responsible Gold Guidance* has been established for Good Delivery Refiners to adopt high standards of due diligence in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, to comply with high standards of anti-money laundering and to combat terrorist financing practice.

This report summarises how Good Delivery Refiners have complied with the requirements of the *LBMA Responsible Gold Guidance*.

Table 1: Refiner’s details	
Refiner’s name	[...]
Location	[...]
Reporting year-end	[...]
Date of Report	[...]
Senior management responsible for this report	[name, title, contact details]

### [Refiners]’s evaluation

The following table lists the minimum requirements that must be satisfied by Refiners in accordance with the *LBMA Responsible Gold Guidance* to demonstrate compliance. Refiners should complete the table and provide reasons for their responses in the space provided. All boxes not shaded should be completed.

Table 2: Summary of activities undertaken to demonstrate compliance
<b>Step 1: Establish strong company management systems</b>
<b>Compliance Statement with Requirement:</b> We have [fully/partially/not complied] with Step 1: Establish strong management systems.
<b>Has the Refiner adopted a company policy regarding due diligence for supply chains of gold?</b>
<b>Comments and Demonstration of Compliance:</b> [Example response: During the reporting year, we established an appropriate gold supply chain policy, which is consistent with the model set out in the Annex II of the OECD Due Diligence Guidance. This sets out our responsibility for conducting risk-based due diligence, screening and monitoring of transactions and governance structures in place...]
<b>Has the Refiner set up an internal management structure to support supply chain due diligence?</b>
<b>Comments and Demonstration of Compliance:</b> [Example response: An internal management system has been set up to define the governance, roles and responsibilities, internal audit, communication and senior management review as per the adopted policy. The compliance officer has been assigned to manage the process, and has a direct line of reporting to the executive committee...]
<b>Has the Refiner established a strong internal system of due diligence, controls and transparency over gold supply chain, including traceability and identification of other supply chain actors?</b>
<b>Comments and Demonstration of Compliance:</b>

[Example response: We have a robust 'lot' receipts process, and specific documents must be received and transactional details entered before we process the gold-bearing material...]

**Has the Refiner strengthened company engagement with gold supplying counterparties, and where possible, assisted gold supplying counterparties in building due diligence capabilities?**

**Comments and Demonstration of Compliance:**

[Example response: We are in the process of modifying our supplier agreements so that they make reference to the OECD guidelines...]

**Has the Refiner established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management?**

**Comments and Demonstration of Compliance:**

[Example response: The Refiner has developed a mechanism allowing employees to voice concerns over the gold supply chain or a newly identified risk. A functional mailbox has been established, which is reviewed by the compliance officer ...]

**Step 2: Identify and assess risks in the supply chain**

**Compliance Statement with Requirement:**

We have [fully/partially/not complied] with Step 2: Identify and assess risks in the supply chain.

**Does the Refiner have a process to identify risks in the supply chain?**

**Comments and Demonstration of Compliance:**

[Example response: We identify and assess risks in the supply chain. For every supplier, we have established a client database and allocated a risk profile according to our risk profile criteria. This process is now a formal requirement before entering any business relationship with a gold supplying counterparty...]

**Does the Refiner assess risks in light of the standards of their due diligence system?**

**Comments and Demonstration of Compliance:**

[Example response: Supply chain due diligence comprising all measures required by the *LBMA Responsible Gold Guidance* is performed before entering into a business relationship with any gold supplying counterpart. We performed enhanced due diligence for higher-risk categories, which includes those where gold originates from or transits via a conflict-affected or human rights abuse high-risk area. In addition, we conduct appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship...]

**Does the Refiner report risk assessment to the designated manager?**

**Comments and Demonstration of Compliance:**

[Example response: The Compliance officer provides a commentary report to the chief executive, representing the senior management team on a quarterly basis. The chief executive must approve all new suppliers classified as high risk. Senior management retains the ultimate control and responsibility for the gold supply chain...]

**Step 3: Design and implement a management system to respond to identified risks**

**Compliance Statement with Requirement:**

We have [fully/partially/not complied] with Step 3: Design and implement a management system to respond to identified risks.

**Has the Refiner devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk?**

**Comments and Demonstration of Compliance:**

[...]

**Where a management strategy of risk mitigation is undertaken, it should include measureable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.**

**Comments and Demonstration of Compliance:**

[...]

**Step 4: Arrange for an independent third-party audit of the supply chain due diligence**

**Compliance Statement with Requirement:**

We have [fully/partially/not complied] with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

**Comments and Demonstration of Compliance:**

[Example response: [Refiner] engaged the services of the assurance provider [assurance firm], and their independent [reasonable/limited] assurance report can be viewed on [page number/web link]...]

**Step 5: Report on supply chain due diligence**

**Compliance Statement with Requirement:**

We have [fully/partially/not complied] with Step 5: Report on supply chain due diligence

[Comments]

[Example response: Further information and specific details of how [Refiner's] systems, procedures, processes and controls have been implemented to align to the specific requirements in the *LBMA Responsible Gold Guidance* have been set out in our gold supply chain policy, which is available on our company website [insert link]...]

**[Refiner's] overall conclusion**

**Table 3: Management conclusion**

**Is the Refiner in compliance with the requirements of the *LBMA Responsible Gold Guidance* for the reporting period?**

[Yes/No]

[Comments]

[Example response: In conclusion, [Refiner] implemented effective management systems, procedures, processes and practices to conform to the requirements of the *LBMA Responsible Gold Guidance*, as explained above in Table 2, for the reporting year ended 31 December 20[xx].

[Refiner] is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis. Corrective Action Plans are communicated separately to the LBMA Executive, in its role as administrator of the *LBMA Responsible Gold Guidance*.]

**Table 4: Other report comments**

[Comments]

[If users of this report wish to provide any feedback to [Refiner] with respect to this report, they can contact corporate relations on [email addresses].

## Appendix 6 Example of an Independent Reasonable Assurance Report (ISAE 3000 engagements)

### Independent Reasonable Assurance Report to [Refiner]

We were engaged by [Refiner] to provide reasonable assurance on its Refiner's Compliance Report for the year ended [31 December 201X].

The assurance scope consists of the Refiner's Compliance Report.

### Responsibilities

The [directors/management] of [Refiner] are responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the *LBMA Responsible Gold Guidance (the Guidance)*. This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the [directors/management] as relevant for demonstrating compliance with the *Guidance* are the activities described within the Refiner's Compliance Report. Our responsibility is to carry out a reasonable assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance 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 and the guidance set out in the *LBMA Responsible Gold Programme - Third Party Audit Guidance for ISAE 3000 Auditors (the Audit Guidance)*.

This report has been prepared for [Refiner] for the purpose of assisting the [directors/management] in determining whether [Refiner] has complied with the *Guidance* and for no other purpose. Our assurance report is made solely to [Refiner] in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than [Refiner] for our work, or for the conclusions we have reached in the assurance report.

### Inherent limitations

Non-financial information, such as that included in the Refiner's Compliance 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. It is important to read the [Refiner's] gold supply chain policy available on [Refiner's] website [inset web link].

### Independence and competency statement

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in out in the *Audit Guidance* to carry out the assurance engagement.

### [Emphasis of matter paragraph

Without modifying our conclusion, we draw attention to the description of the non-compliance contained within the Refiner's Compliance Report. This relates to the supply chain due diligence procedures that are currently being implemented at [Refiner] to be in line with the *Guidance's* requirements.]



## **Conclusion**

In our opinion, the [Refiner's] Refiner's Compliance Report for the year ended [31 December 201X], in all material respects, 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 Guidance*.

[Signature]

[Assurance firm]

[Date]

[City, Country]

## Appendix 7 Example of an Independent Limited Assurance Report (ISAE 3000 engagements)

### Independent Limited Assurance Report to [Refiner]

We were engaged by [Refiner] to provide limited assurance on its LBMA Refiner's Compliance Report for the year ended [31 December 201X].

The assurance scope consists of the Refiner's Compliance Report.

### Responsibilities

The [directors/management] of [Refiner] are responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the *LBMA Responsible Gold Guidance (the Guidance)*. This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the [directors/management] as relevant for demonstrating compliance with the *Guidance* are the activities described within the Refiner's Compliance Report.

Our responsibility is to carry out a limited assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance 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 and the guidance set out in the *LBMA Responsible Gold Programme - Third Party Audit Guidance for ISAE 3000 Auditors (the Audit Guidance)*.

The extent of evidence-gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

This report has been prepared for [Refiner] for the purpose of assisting the [directors/management] in determining whether [Refiner] has complied with the *Guidance* and for no other purpose. Our assurance report is made solely to [Refiner] in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than [Refiner] for our work, or for the conclusions we have reached in the assurance report.

### Limited assurance procedures performed

We planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- [Enquiries of management to gain an understanding of [Refiner's] processes and risk management protocols in place
- Enquiries of relevant staff responsible for the preparation of the Report
- Site visits to the Refiner
- Assessing the suitability of the policies, procedures and internal controls that the [Refiner] has in place to conform to the *Guidance*
- Review of a selection of the supporting documentation, including gold supplier counterparty due diligence file and transaction's documentation
- Test a selection of the underlying processes and controls that support the information in the Report
- Review of the presentation of the Report to ensure consistency with our findings]

### **Inherent limitations**

Non-financial information, such as that included in the Refiner's Compliance 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 absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques that can result in materially different measurements and can impact comparability. The methods used by refiners to comply with the *Guidance* may differ. It is important to read the [Refiner's] gold supply chain policy available on [Refiner's] website [inset web link].

### **Independence and competency statement**

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in out in the Audit Guidance to carry out the assurance engagement.

### **[Emphasis of matter paragraph**

Without modifying our conclusion, we draw attention to the description of the non-compliance contained within the Refiner's Compliance Report. This relates to the supply chain due diligence procedures that are currently being implemented at [Refiner] to be in line with the *Guidance's* requirements.]

### **Conclusion**

Based on the limited assurance procedures performed, as described above, nothing has come to our attention that would lead us to believe that [Refiner's] Refiner's Compliance Report for the year ended [31 December 201X], did not in all material respects, describe fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein, is not in accordance with the requirements of the *LBMA Responsible Gold Guidance*.

[Signature]  
[Assurance firm]  
[Date]  
[City, Country]

## Appendix 8 ISO 19011 Refiner Summary Report

ASSESSMENT INFORMATION	
Refiner Name:	[NAME]
Refiner Location:	[ADDRESS]
Refiner Contact Person: Name, Title: Email: Phone:	[NAME, TITLE EMAIL PHONE NUMBER]
Lead auditor and audit team members	[NAME] [NAME]
Dates and places where the onsite assessment activities were conducted	Click here to enter a date. - Click here to enter a date. Click here to enter text.

LBMA Refiner Assessment Report	
<b>Assessment objectives:</b>	
Click here to enter text.	
[Example response: <i>The objectives of the assessment were to evaluate the conformity of the Refiner's management system procedures processes and practices with the LBMA Responsible Gold Guidance.</i> ]	
<b>Assessment scope:</b>	
Refiner location(s) included in the assessment scope	Click here to enter text.
Assessment Period	Click here to enter a date. - Click here to enter a date.
<b>Assessment methodology:</b>	
Click here to enter text.	
[Example response: <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 Gold Guidance. 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.</i> ]	
The evidence of compliance that was reviewed included:	
<ul style="list-style-type: none"> <li>• The following areas of the facility were visited during the tour:</li> <li>• The following interviews were conducted with management:</li> <li>• The following interviews with employees were conducted:</li> </ul>	
<b>Statement of the confidential nature of the contents:</b>	
Click here to enter text.	
[Example response: <i>All the data contained in the assessment report, as well as all information obtained during the performance of the certification, is private and confidential between the auditing body and the Refiner..</i> ]	
<b>Any significant or inherent limitations or areas not covered that were within the assessment scope:</b>	



	<p>Click here to enter text.</p> <p><i>[Example response: The auditors were not able to conduct a tour of the offsite warehouse where raw materials were stored. Moreover the Refiner was not able to provide transportation documentation as the logistics are handled by a third party firm who maintains copies of all documentation at their site.]</i></p>
	<p><b>Assessment criteria:</b></p>
	<p>Click here to enter text.</p> <p><i>[Example response:</i></p> <ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>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.]</i></li> </ul>

<b>Assessment findings:</b>				
<i>Category/subcategory</i>	<i>Non-compliance/Observation: Include evidence found to substantiate the non-compliance as well as frequency of its occurrence.</i>	<i>Recommended corrective action</i>	<i>Timeframe for implementing corrective actions</i>	<i>Refiner comments</i>
Step 1.2	The Refiner has not set up an internal management structure to support supply chain due diligence: The Refiner did not ensure that the individuals responsible for implementation of due diligence measures in the gold supply chain been adequately trained regarding their respective tasks. The auditors interviewed two persons in the shipping/receiving area had not been trained and had no knowledge of the LBMA standards.	<i>The Refiner must ensure that all relevant personnel are trained in the LBMA standards and have demonstrated understanding sufficient in order to carry out their tasks related to this. I</i>	<i>60 days as reported by the Refiner representative XX.</i>	<i>The Refiner representative stated that they would implement training for all relevant personnel in the shipping area.</i>
Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
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Choose an item.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.

Assessment conclusions	Compliant	Low	Medium	High	Zero Tolerance
<b>Based on the above assessment conclusions, the overall rating of the Refiner's performance is determined to represent:</b>					

ADDITIONAL ELEMENTS	
	<b>Assessment plan:</b>
	<p>Click here to enter text.</p> <p><i>[Example response: The on-site assessment at each of the selected sites of the Refiner is composed of four (4) parts:</i></p> <ol style="list-style-type: none"> <li>1. <i>Opening meeting;</i></li> <li>2. <i>Review of objective evidence by means of observation, documentation and interviews;</i></li> <li>3. <i>Evaluation of the evidence presented to determine compliance with LBMA requirements;</i></li> <li>4. <i>Closing meeting.</i></li> </ol> <p><i>Day 1 agenda:</i></p> <ol style="list-style-type: none"> <li><b>a.</b> <i>9:00-10:00: Opening meeting with facility management to review the purpose, scope and methodology of the assessment and clarify required documentation</i></li> <li><b>b.</b> <i>10:00-11:30: Facility to prepare:</i> <ul style="list-style-type: none"> <li>- <i>documentation on conflict free policies and procedures</i></li> <li>- <i>Sales receipts.</i></li> <li>- <i>inventory list and production capacity list</i></li> <li>- <i>all other documentation required for the assessment]</i></li> </ul> </li> </ol>
	<b>List of attendees of opening and closing meeting</b>
	<p>Click here to enter text.</p>
	<b>Refiner feedback</b>
	<p>Click here to enter text.</p> <p><i>[Example response: The Compliance Manager for the Refiner provided the following feedback regarding the non-compliance cited for “Recurrent failure to request and obtain appropriate due diligence documentation required in order to perform a proper assessment of the supply chain for all reviewed gold supplying counterparty files”;</i></p> <ul style="list-style-type: none"> <li>- <i>We have attempted to obtain all the necessary documentation, however many suppliers claim that these items are not facilitated by local government officials.”]</i></li> </ul>

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:

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Signature:

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Date:

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## Appendix 9 Country of Origin Annex

ASSESSMENT INFORMATION	
Refiner Name:	[NAME]
Refiner Location:	[ADDRESS]
Refiner Contact Person: Name, Title: Email: Phone:	[NAME, TITLE EMAIL PHONE NUMBER]
Assessment Period	[DATES]
Date of this report	[DATE]
Lead auditor and audit team members	[NAME] [NAME]

Countries of Origin for Gold (mined & recycled):	
Country	Amount (kgs.)
<p>Any other information (optional)</p> <p>Click here to enter text.</p> <p><i>[Example response: All the data contained in the assessment report, as well as all information obtained during the performance of the certification, is private and confidential between the auditing body the Refiner and the LBMA...]</i></p>	