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LBMA Responsible Gold Guidance Compliance Report

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 [REFINER] has complied with the requirements of the LBMA Responsible Gold Guidance.

Table 1: Refiner's details	
Refiner's name	[REFINER]
Location	Full address & location of refiner
Reporting year-end	December 31, 2015
Date of Report	March 31, 2016
Senior management responsible for this Report	Name and contact details

REFINER's evaluation

Table 2: Summary of activities undertaken to demonstrate compliance
Step 1: Establish strong company management systems
Compliance Statement with Requirement: [REFINER] has partially complied with Step 1: Establishing a strong integrated management system in the company.
[REFINER] has adopted a policy regarding due diligence for supply chains of gold.
The existing Company Policy on the gold supply chain is fully implemented and last reviewed on 1 st June 2015. The review resulted in additional improvements from previous versions of the policy in order to further align with Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the LBMA Responsible Gold Guidance. The revised policy was published on the company's web page at http://www.refinerwebsite.com/policy .
The additional improvements have strengthened the roles of those with compliance responsibilities and communication between staff and management.
[REFINER] has established an internal structure to support the Due Diligence supply chain.
[REFINER] has an effective management system to support supply chain due diligence. Responsibilities and roles are clearly defined. The [REFINER] uses the due diligence checklist and toolkit and has a robust traceability system database that records each lot refined. The [REFINER] has appointed a compliance manager which supervises the due diligence process and reports directly to senior management.
Control process pre-existing the publication of the LBMA Responsible Gold Guidance provided robust administrative controls for due diligence procedures carried out across all precious metal suppliers independent of their origin. These procedures have been further strengthened since the implementation of the LBMA Guidance and information resulting from due diligence procedures is centralised and documented in a single source for each counterparty and managed by a dedicated individual.
[REFINER] has strengthened company engagement with gold-supplying counterparties wherever

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possible and assisted gold supplying counterparties in building due diligence capabilities.

Where possible, we assist our gold-supplying counterparties or prospects to meaningfully improve their responsible supply chain practices. For example, all [REFINER] Client Relationship Directors are given regular training and part of their responsibilities includes the active promotion of responsible sourcing practices. This could include offering training or guidance during on-site visits, managing expectations and updating suppliers on emerging compliance and regulatory practices, including best practice.

In addition, [REFINER] amended our standard supplier agreement in 2014 so that suppliers are able to make reference to the Company Policy and also to include an executive summary of the principles contained in the OECD Guidance. The response led to a more active channel of communication and opened up opportunities for dialogue regarding the evolving standards of the industry. Suppliers are strongly encouraged to acknowledge in writing their compliance with the OECD Guidance.

Last year, [REFINER] introduced yearly emails communicating our moral and ethical principles and inviting suppliers and clients to align themselves with these policies and submit feedback.

[REFINER] has established a company-wide communication mechanism to promote employee participation and risk identification to management.

[REFINER] understands the importance of compliance as a company principle, not merely a rule. [REFINER] encourages employees to use the anonymised communication mechanism to express concerns or raise issues over the gold supply chain and any associated risks or incidents that may have occurred. [REFINER] also has a mechanism allowing any supply chain actor or stakeholder to communicate their concerns. All relevant enquiries are treated directly by the Compliance Officer and are reviewed by Senior Management.

Due to recent turnover in staff, it became apparent that not all staff members were aware of the mechanism and that the general training sessions were too infrequent. Therefore, the company is incorporating training on using the mechanism as part of new joiners' induction sessions.

Step 2: Identify and Assess Risks in the Supply Chain

[REFINER] has fully complied with Step 2: Identify and assess risks in the supply chain.

[REFINER] has a process to identify risks in the supply chain.

[REFINER] identifies and assesses risks in the supply chain. [REFINER] has established clearly defined criteria for high-risk categories and systematically apply them to all precious metal supplying counterparties. Due diligence procedures are conducted based on a risk-based approach and each counterparty is assigned a risk profile triggering different levels of monitoring. Due diligence procedures and risk profile assignment is an obligatory step before engagement with counterparties.

Risk assessment is conducted by on-site visits where possible or reports provided by a reliable, independent research institute. Additionally, a third party digital platform is used as a source of information to help identify people who are politically exposed or may be involved in activities that go against our moral and ethical principles. We are also in the process of researching another database that could be used to complement the existing platform.

[REFINER] assesses risks in light of the standards of their due diligence system.

Due diligence procedures are aligned with both the LBMA Responsible Gold Guidance and the OECD Guidance. No high-risk transactions were identified for 2015 production and therefore enhanced due diligence was not performed for higher risk categories. [REFINER] adjusts its

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<p>monitoring and surveillance in accordance to the risk profile assigned. Appropriate scrutiny of transactions is undertaken through the course of the relationship following the risk based approach. [REFINER] sources from both recycled and mined gold supply chains. In respect to mined gold supply, [REFINER] sources exclusively from well-established industrial mines located in North America and South America, and does not work with artisanal mines. Recycled materials represent an insignificant percentage of our gold supply chain.</p>
<p>[REFINER] reports risk assessment to Senior Management.</p>
<p>Senior Management must approve all new suppliers classified as high-risk (no high-risk suppliers were identified for 2015 production). The Compliance Officer reports to the senior management the outcome of supply chain due diligence based on the internal audit report and other relevant documents. Senior Management is ultimately accountable for overseeing and managing the gold supply chain.</p> <p>Procedures for when a high-risk supplier is identified are clearly defined: the Compliance Officer is required to submit a report to Senior Management describing the reasons behind the risk profile assignment and supporting evidence.</p>
<p>Step 3: Design and implement a management system to respond to identified risks</p>
<p>[REFINER] has fully complied with Step 3: Design and implement a management system to respond to identified risks.</p>
<p>[REFINER] has developed a comprehensive strategy for risk management should risks of money laundering, terrorist financing, contribution to conflict or human rights abuse arises. This strategy follows the LBMA Guidance surrounding mitigation of risks while continuing transactions, mitigation of risk while suspending business or disassociation.</p> <p>The strategy instructs that necessary investigations be carried out under the supervision of the Compliance Officer while the product identified with the risk factor is put into quarantine. Measures taken by the Compliance Officer to address the risk can include on-site visits, independent audits, requests for more documentation, interviews, and hiring third party services.</p> <p>Risks are categorised by country of origin, supplier, product and circumstances and are regularly reviewed and updated.</p> <p>Where a management strategy of risk mitigation is undertaken, it should include measurable steps to be taken and achieved, monitoring of performance, periodic assessment of risk, and regular reporting to designated senior management.</p>
<p>Step 4: Agreement to have an independent audit on the supply chain by a third party</p>
<p>[REFINER] has fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.</p>
<p>[REFINER] engaged the services of the assurance provider [AUDITOR], and their independent assurance report is attached.</p>
<p>Step 5: Report on supply chain due diligence</p>
<p>[REFINER] has fully complied with Step 5: Report on supply chain due diligence.</p>
<p>[REFINER] Company policy is available on the [REFINER] website, together with the Compliance Report and the Independent Assurance Report.</p>

REFINER’s Overall Conclusion

Table 3: Management conclusion

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

Yes.

[REFINER] implemented effective and robust management systems, procedures, processes and practices to conform to the requirements of the LBMA responsible Gold Guidance, as explained above in Table 2.

[REFINER] has demonstrated its commitment to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis.

Table 4: Other report comments

Users of this report are welcome to provide feedback or address relevant queries to [REFINER] by emailing mail@refiner.com.

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LBMA Responsible Gold Guidance – Corrective Action Plan

Assessment findings, including a description of any non-compliance of observation and the timeframe for the implementation of corrective actions:				
Category	Subcategory	Non-Compliance/Observation	Timeframe for implementing the corrective action	Refiner feedback
Step 1.5	1.5.5: Are employees aware of this communication mechanism?	LOW RISK Employees who had recently joined the company were not aware of the mechanism and how to use it effectively.	SIX MONTHS	Training about using the mechanism was introduced as part of employee's induction and orientation sessions. General training sessions are now held twice yearly. Person responsible for implementing change is [NAME].