

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 combating 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

Step 1: Establish strong company management systems

Compliance Statement with Requirement:

We have [fully/partially/not complied] with Step 1: Establish strong management systems.

Has the Refiner adopted a company policy regarding due diligence for supply chains of gold?

Comments and Demonstration of Compliance:

[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...]

Has the Refiner set up an internal management structure to support supply chain due diligence?

Comments and Demonstration of Compliance:

[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...]

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?

Comments and Demonstration of Compliance:

[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 Physical Committee, 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].