



## Multi-metal Combined Responsible Gold Guidance (RGG) and Responsible Silver Guidance (RSG) Compliance Report 2019

### Multi-Metal Report

LBMA established the *Responsible Gold Guidance* and *Responsible Silver Guidance* for Good Delivery Refiners to combat systematic or widespread abuses of human rights, to avoid contributing to conflict and to comply with high standards to anti-money laundering (AML) and combating terrorist financing (CTF) practice.

ABC Refinery (ABC) is accredited on the LBMA Gold Good Delivery List and compliant with the RGG. In addition, ABC is currently in the process of seeking accreditation on the LBMA Silver Good Delivery List and is already compliant with the RSG.

ABC's business comprises substantial volumes of both gold and silver refining and that has always been the case historically. Its primary gold refinery suppliers also constitute almost the entirety of its primary silver refinery suppliers. Operationally, ABC's gold refinery and silver refinery are conducted at the same facilities.

ABC has considered the requirements set out in each of the RGG and RGS and notes both the substantial commonality of requirements, and the divergences between the two Guides. This limited assurance report addresses both Guides collectively and, where relevant, addresses the two Guides individually.

### Refiner's details

Refiner's name	ABC Refinery
Location	12 Meeks Road, Marrickville, NSW 2204, Australia
Reporting year-end	30 June 2019
Senior Management responsible for this report	Sarah Bradley, Legal and Compliance Officer

### Commitment to Responsible Sourcing

ABC is committed to be the leader in Australasia in ethical gold and silver sourcing by driving positive environmental and social change through our supply chain. Our suppliers are important guarantors of ABC's promise of quality and our success, and together, we aim to ensure that the raw material is extracted in an ethical way. ABC is committed to ensuring that gold and silver is not sourced from an area designated as a World Heritage Site.

ABC applies strict due-diligence standards of anti-money laundering (AML) and combatting terrorist financing (CTF) that are reflected in ABC's Due Diligence Policy. Our supplier pre-qualification forms and

contracts include language stipulating that they agree to adhere to our policies and standards. This provides an additional safeguard that we onboard and work with suppliers who operate to the same standard we expect from ourselves.

ABC has defined social, environmental and governance principles behind our decision making and affirms our commitment to the United Nations Sustainable Development Goals, World Gold Council draft Responsible Gold Mining Principles and regional and local environmental legislation<sup>1</sup>. At ABC we are committed to gender equality and confirm we are compliant with the Australian Government's *Workplace Gender Equality Act 2012*.

## Active Participation and Corporate Responsibility

At ABC, the health and safety of our staff and the broader community in which we conduct business is part of our ethos. We are committed to be a world leader in health and safety, the environment and external community engagement.

An ABC Director and two (2) Senior Managers sit on the Board of the Gold Industry Group (GIG), the leading independent industry body in Australia. GIG represents the interests of gold producers, explorers, prospectors and service providers by working together to strengthen the gold industry by educating and advancing communities and supporting its people.

ABC have attained certification from the Responsible Jewellery Council (RJC) which assures we refine according to the RJC Code of Practices, made up of 42 provisions which is aligned with the United Nation's Sustainable Development Goals. ABC is the only RJC certified company in Australia.

Each year ABC celebrates the outstanding achievement of two (2) university metallurgy students by sponsoring the 'ABC Refinery Material, Science & Engineering Award', which is a financial sponsorship to assist students with their educational costs.

Amongst ABC's other sponsorships and charitable commitments in several states of Australia, ABC also sponsors World Skills Australia which promotes the development of, and celebration of skills in the environment from a variety of professions.

## ABC's Evaluation

This report summarises how ABC Refinery complied with the requirements of the *LBMA Responsible Gold Guidance*<sup>2</sup> and *Responsible Silver Guidance*<sup>3</sup> during the reporting year-end 30 June 2019 for all types of precious metals sourced and incorporates the 5 steps of LBMA Responsible Sourcing Programme V8, 11.12.2018.

<sup>1</sup> *Environmental Protection and Biodiversity Conservation Act 1999* (Cth), *Environmental Planning and Assessment Act 1979* (NSW)

<sup>2</sup> LBMA Responsible Sourcing Programme – Responsible Gold Guidance V8, 11 December 2018

<sup>3</sup> LBMA Responsible Silver Guidance V1, September 2017

## Step 1 – Establish strong company management systems

Compliance Statement with Requirement:

We have fully complied with Step 1 – Established strong management systems.

### **1. Adopt a company policy regarding due diligence for supply chains of gold and silver**

Compliance Statement with Requirement:

ABC has adopted a policy regarding due diligence for precious metals supply chains.

Comments and Demonstration of Compliance:

As referred to in our 2018 Compliance Report, ABC has a Due Diligence Policy which is consistent with the model set out in the Annexure II of the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk areas*. The Due Diligence Policy has been updated to reflect our Sustainability and Responsibility Charter.

This policy recognises the importance of ABC in addressing ethical sourcing within our own sphere of influence and the utilisation of management systems to avoid all forms of human abuse in our supply chain. This policy outlines compliance with high standards of anti-money laundering (AML) and combating terror financing (CTF) by monitoring and utilising a risk-based approach.

### **2. Set up an internal management structure to support supply chain due diligence**

Compliance Statement with Requirement:

ABC has set up an internal management structure to support supply chain due diligence.

Comments and Demonstration of Compliance:

ABC's best practice internal management system collects and maintains documentation regarding sources of Mined and Recycled Gold and Silver to ensure suppliers have not financed terrorism or contributed to conflict, nor participated in abuse of human rights or money laundering and ensures compliance with Environmental and Sustainability responsibilities.

The Compliance Officer supervises and regularly reviews the overall supply chain due diligence process including communication processes with the support of front-line staff. The Compliance Officer and all front-line staff across the group have transparency over a live client database for ongoing monitoring.

The Compliance Officer reports the review results directly to the Senior Management which is reflected in the organisational structure of ABC.

### **3. Establish a strong internal system of due diligence, controls and transparency over gold and silver supply chains, including traceability and identification of other supply chain actors**

Compliance Statement with Requirement:

ABC has established a strong internal system of due diligence, controls and transparency over gold and silver supply chains, including traceability and identification of other supply chain actors.

Comments and Demonstration of Compliance:

ABC has a robust supply chain traceability system which records and maintains supply chain information for each lot refined, including assigning a unique reference number to each input and output. Each lot received is registered in our computer system which is transparent within our production.

All ABC employees are regularly trained in accordance with ABC's Communication and Training Policy and Due Diligence Policy to ensure due diligence guidelines are adhered to. Relevant documentation must be verified before we process any metals. Any separation from the Policy and guidelines is immediately escalated to the Compliance Officer.

The Compliance Officer reports to Senior Management on all matters including the gold and silver supply chain and is responsible for continuous training of employees concerning our stringent due diligence and associated policies.

ABC reports there has been no escalation in the reporting period.

ABC does not make or receive third party payments. All payments and receipts for gold and silver are conducted through official banking channels.

ABC's cooperation with government authorities continues to be proactive and exemplary. During the 2019 reporting period, we engaged with Federal and State Government representatives and International representatives who have visited and toured our Refinery facilities.

#### ***4. Strengthen company engagement with Gold and Silver-Supplying Counterparties and, where possible, assist Gold and Silver-Supplying Counterparties in building due diligence capacities***

Compliance Statement with Requirement:

ABC has strengthened company engagement with Gold and Silver-Supplying Counterparties and, where possible, assisted Gold and Silver-Supplying Counterparties in building due diligence capabilities.

Comments and Demonstration of Compliance:

All gold/silver counterparties are required to complete the ABC Refining Application as part of our KYC and AML/CTF and onboarding process. Counterparties who have been unable to wholly satisfy our due diligence process are not approved pursuant to our processes. All ABC documentation has been updated to include an acknowledgement from Counterparties of their environmental and sustainability responsibilities.

Our counterparties are required to provide extensive information, including but not limited to their business activity, origin/source of precious metals, responsible precious metals supply chain, AML/CTF Declaration and Bribery Policy. The application is then formally approved by senior management before a business relationship is commenced.

ABC requires counterparties to adhere to their own due diligence policy to ensure that ABC's due diligence requirement are maintained along the supply chain. We regularly engage and educate our counterparties on responsible gold and silver guidance.

In the 2019 reporting period, we have declined suppliers who have not met our strict due diligence standards.

Our compliance department has reviewed the file of each counterparty in the 2019 reporting period and report our due diligence requirements are met. The Compliance Officer has tabled the next review to be conducted in 2020.

#### ***5. Establish a confidential grievance mechanism***

Compliance Statement with Requirement:

ABC has established a confidential grievance mechanism.

Comments and Demonstration of Compliance:

ABC encourages open communication between all staff. In the event of a complaint, grievance, allegation or suggestion, ABC promotes a proactive and common-sense approach to dealing with the issue.

ABC has a well-established Grievance Handling Policy, Disputes and Investigation Policy, and Whistleblower Policy that provides opportunities for employees or stakeholders to anonymously voice concerns over the gold and silver supply chain or any newly identified risk. The confidential mailbox to report is: [compliance@abcrefinery.com](mailto:compliance@abcrefinery.com).

ABC emphasises the necessity of dealing with grievances in terms of the potential seriousness of the grievance rather than on the basis of the category of person who has the grievance. This means that all are treated on equal terms.

All reports are assessed by the Compliance Officer, and if required, are reported to Senior Management.

## **Step 2 – Identify and assess risks in the supply chain**

Compliance Statement with Requirement: ABC has fully complied with Step 2 - Identify and assess risks in the supply chain.

### **1. Identify risks in the gold and silver supply chain**

Compliance Statement with Requirement:

For Mined Gold and Silver, and Recycled Gold and Silver, ABC identifies and assesses risks in accordance with *Annex II* of the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk areas* (OECD DDG).

Comments and Demonstration of Compliance:

Our due diligence is on a proactive risk-based approach and follows our Responsible Precious Metals Supply Chain Due Diligence Policy from the point of origin to ABC. Every supplier is assessed according to our risk profile criteria and associated KYC and AML/CTF requirements. We request our suppliers commit to and acknowledge in writing, compliance with ABC's supply chain policy consistent with Annex II of the OECD DDG and environmental and sustainability legal requirements. This is a formal requirement before ABC enters all business relationships.

ABC continues to apply its existing variety of criteria when evaluation gold-supplying counterparties and ABC's Compliance Officer assigns a risk rating to each potential supplier using a risk matrix.

ABC is committed to work with the leading high security transportation and logistics companies who adhere to the OECD DDG and its Supplement on Gold.

### **2. Assess risks in light of the standards of their supply chain Due Diligence system**

Compliance Statement with Requirement:

ABC assesses risks in light of the standards in our supply chain Due Diligence system.

Comments and Demonstration of Compliance:

ABC's supply chain Due Diligence follows a risk-based approach before entering any business relationship, which is ongoing throughout the relationship.

Our assessment of risk in the supply chain begins with origin of the gold and silver, identifying the Beneficial Owners, obtaining business and financial details and information on the purpose and intended nature of the business relationship.

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ABC do not source specifically, from artisanal mining supply chains or World Heritage Site areas and confirm that no artisanal or world heritage site material was received in the 2019 Reporting period.

ABC's Compliance Officer monitors government regulations and utilises online resources from the United Nations, OECD, FATF, Australian Government and other extrinsic material to keep informed of precious metal supply chain risks. The results are then evaluated and assist to further identify and assess risks in the supply chain. If required, ABC's policies and practices are updated and approved by Senior Management accordingly.

### **3. Report risk assessment to designated Senior Management**

Compliance Statement with Requirement:

ABC reports risk assessment to designated Senior Management

Comments and Demonstration of Compliance:

Senior Management retains the ultimate control and responsibility for the gold and silver supply chain and approves all business relationships. The initial risk assessment is conducted by the Compliance Officer.

Only Senior Management may approve a supply chain deemed as "high" or "extreme risk" and annually reassess the decision whether to continue the business relationship. Senior Management will review high-risk suppliers on a monthly basis.

Senior Management selects and supervises the Compliance Officer and provides the necessary means to perform its duty. In addition, the Compliance Officer reports to the Board of Directors on a monthly basis.

## **Step 3 – Design and implement a management strategy to respond to identified risks**

Compliance Statement with Requirement:

ABC has fully complied with Step 3 – Design and implement a management strategy to respond to identified risks.

### **1. Report findings to designated Senior Management**

Compliance Statement with Requirement:

The Compliance Officer reports findings to Senior Management when a risk is identified.

Comments and Demonstration of Compliance:

ABC's supply chain and client due diligence policies continue to require proactive management of potential risks in the supply chain. The Compliance Officer oversees the due diligence process with the support of ABC's Compliance Committee.

Senior Management retains the ultimate control and responsibility for the supply chain. The Compliance Officer reports where appropriate information gathered and actual and potential risks in the supply chain to Senior Management to decide whether to continue “high” or “extreme risk” business relationships.

**2. Devise a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk**

Compliance Statement with Requirement:

ABC’s Monitoring and Risk Management Policy outlines the strategy for risk management of an identified risk by either (i) mitigation of the risk whilst continuing to trade, (ii) mitigation of the risk by suspending trade or (iii) disengagement from the risk.

Comments and Demonstration of Compliance:

ABC continues to comply with ‘AUSTRAC’<sup>4</sup> regulations in the Australian jurisdiction and applies it to our own compliance measures as detailed in the 2018 Compliance Report.

If ABC’s due diligence is not fully satisfied, or results or concludes that there is money laundering, terrorist financing, serious human rights abuse, bribery, direct or indirect support to illegitimate non-state armed group, fraudulent misrepresentation of the origin of the precious metals, noncompliance of taxes fees and royalties to government or, material breaches of environmental or health and safety legislation, the risk strategy to be adopted shall be determined after the Compliance Committee conducts an investigation to determine the protocol and strategy.

During the 2019 reporting period ABC has complied with the risk management requirement effectively to respond to any identified risk.

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

Compliance Statement with Requirement:

ABC maintains a strategy of risk mitigation facilitated by measurable steps to be taken, monitoring of performance, periodic reassessment of risk and monthly reporting to senior management.

Comments and Demonstration of Compliance:

At the core of ABC’s culture is a philosophy of risk assessment, evaluation, monitoring and control. All our staff and counterparties in the supply chain commit to our Due Diligence Policy and Monitoring and Risk Management Policy.

ABC’s procedure for risk management is applied strictly and all medium and high-risk Customer Incident cases are monitored regularly. When adopting the *mitigation of the risk while continuing trade* approach we employ a strategy that includes qualitative and or quantitative indicators which measure improvement together within a reasonable deadline communicated to the Customer. If ABC adopts the *mitigation of the risk while suspending trade* approach ABC suspends refining gold and silver from the customer until it can obtain additional information confirming or refuting the preliminary assessment. Finally, when ABC adopts the *disengagement from the risk* approach ABC immediately stops refining gold and silver from the customer.

If ABC adopts measures (i) or (ii) and is unable to demonstrate progress within six months from the adoption of the risk management plan, ABC will disengage from the risk and cease dealing with the customer.

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<sup>4</sup> Australian Transaction Reports and Analysis Centre



#### **4. Undertake additional fact and risk assessments for risk requiring mitigation, or after a change of circumstances**

Following the implementation of a risk mitigation strategy, the Compliance Committee considers whether ABC should repeat due diligence steps or consider other measures as appropriate. This ensures effective mitigation and management of risk. The Compliance Officer consults Senior Management regarding this process.

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

Compliance Statement with Requirement:

We have fully complied with Step 4 - Arrange for an independent third-party audit of the supply chain due diligence.

Comments and Demonstration of Compliance:

ABC has engaged the services of the assurance provider William Buck Chartered Accountants (William Buck), Sydney, Australia, for a multi-metal report on Gold and Silver (voluntary). William Buck is listed on the LBMA Approved Service Providers List and use *ASAE 3000* which is the Australian aligned standards to *ISAE 3000 Assurance Engagement*.

After successfully passing a full audit in 2018 without any Medium, High-Risk or Zero Tolerance non-compliances, ABC is subject to a limited assurance for the 2019 reporting period. The audit report is sent to the LBMA Chief Executive via email within three (3) months of our 30 June financial year end annually.

ABC will publish the independent assurance report on our website [www.abcrefinery.com](http://www.abcrefinery.com) when available.

#### **Step 5 – Report on supply chain due diligence**

Compliance Statement with Requirement:

We have fully complied with Step 5 - Report on supply chain due diligence.

Comments and Demonstration of Compliance:

We publicly report on our gold and silver supply chain due diligence policies and practices, with appropriate regard for security, proprietary information and the legal rights of the other supply chain actors, as evidenced by the compliance material available on our company website [www.abcrefinery.com](http://www.abcrefinery.com).

Our 2019 Compliance Report will be made available on ABC's website, accompanying previous years Compliance Reports.

ABC will submit a Corrective Action Plan when there is a Medium / High-Risk / Zero Tolerance non-compliance and/or ABC fails to satisfy one or more of the requirements as set out in Steps 1 to 5 of the LBMA Responsible Gold Guidance.

#### **Other report comments – Future Developments**

ABC is committed to our own environmental standards for refinement of Gold and Silver and are investing in developing new technology that minimises the use of chemicals and environmental emissions. ABC has a defined Sustainability and Responsibility Charter ('SCR') which is monitored, managed and reviewed by our SCR Committee.



ABC invested specifically in Acidless Separation Technology for the removal of impurities from Gold and Silver and is the first company in the Southern Hemisphere to employ such technology.

In 2020, ABC will provide a Modern Slavery Statement to the Australian Government, in accordance with legislation<sup>5</sup> and the United Nations Guiding Principles on Business and Human Rights (UNGPs). The Statement will address actions taken to address modern slavery in our operations and supply chains and will be available publicly. This will facilitate sharing of best practices, links transparency with accountability and further generates substantive compliance with human rights standards.

#### Other report comments – Management Conclusion

Given the complex International operating environment, where conditions can evolve and degenerate rapidly, ABC's strict due diligence is understood as an on-going proactive and reactive process whereby ABC promotes progressive improvement on due diligence practices through constant engagement with suppliers and regulatory bodies.

ABC continues to hold ourselves to the highest ethical and social responsibility standards. ABC has a defined Sustainability and Responsibility Charter which is managed, monitored and reviewed by our Sustainability and Responsibility Committee.

This report demonstrates our commitment and adherence to the LBMA Responsible Sourcing Program.

ABC has in place effective management systems to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, to comply with high standards of anti-money laundering and combat terrorist financing practices. In addition, we have formal and strict high standards of Due Diligence and comply with all relevant legislation within which we operate.

ABC best practice is to closely monitor supply chains and to mitigate these risks by adhering to our policies which support a long-term future to best achieve our social, environmental and economic principles. As a result, we maintain long-term and low-risk business relationships working with our suppliers to closely involve them in our commitment to sustainable conduct.

If users of this report wish to provide any feedback to ABC with respect to this report, please contact ABC's Compliance Officer on [compliance@abcrefinery.com](mailto:compliance@abcrefinery.com).



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<sup>5</sup> *Modern Slavery Act 2018* (Cth)