

## ABC Refinery (Australia) Pty Ltd

### Independent Limited Assurance Report

## Report on the Refiner's Compliance Report

William Buck ('We' or 'Our') have been engaged to provide an Independent Limited Assurance Report on the ABC Refinery (Australia) Pty Ltd's (hereafter referred to as 'ABC Refinery' or 'Refiner') Multi-Metal Combined Compliance Report (the 'Compliance Report') for the year ended 30 June 2020.

### The Scope of our Assurance

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

### Our Opinion

In our opinion, the Compliance Report for the 12 months ended 30 June 2020, in all material respects, describes fairly the activities undertaken by the Refiner, 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* and *Responsible Silver Guidance* (the *Guides*).

### Basis for Opinion

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Sourcing Programme – Third Party Audit Guidance (Audit Guide)*.

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

In conducting our engagement, we have complied with the applicable requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code).

### Responsibilities of Management for the Refiner's Compliance Report

Management is responsible for the preparation and presentation of the Compliance Report in accordance with the *Guides*. This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by management as relevant for demonstrating compliance with the *Guides* are the activities described within the Compliance Report.

#### ACCOUNTANTS & ADVISORS

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## **Auditor's Responsibilities for the Refiner's Compliance Report**

Our responsibility is to carry out a limited assurance engagement involving planning and performing procedures to obtain sufficient appropriate evidence to give limited assurance over the Refiner's Compliance Report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatements of the Report whether due to fraud or error.

In making those risk assessments, we considered internal controls relevant to the preparation and presentation of the Compliance Report in order to designed assurance procedures that are appropriate for the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Refiners internal controls over the preparation and presentation of the Compliance Report.

This report has been prepared for ABC Refinery for the purpose of assisting management in determining whether ABC Refinery has complied with the *Guides* and for no other purpose. Our assurance report has been prepared solely for the ABC Refinery in accordance with the terms of our engagement.

We do not accept or assume responsibility to anyone other than ABC Refinery 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 *Guides* may differ. It is important to read ABC Refinery's precious metals supply chain policy available on ABC Refinery's website [[www.abcrefinery.com](http://www.abcrefinery.com)].

A handwritten signature in black ink that reads "William Buck".

**William Buck**  
Accountants & Advisors  
ABN 16 021 300 521

A handwritten signature in black ink that reads "L.E. Tutt".

**L.E. Tutt**  
Partner  
30 September 2020



**Multi-metal Combined Responsible Gold Guidance (RGG)  
and Responsible Silver Guidance (RSG)  
Compliance Report 2020**

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## PART A: INTRODUCTION

### Multi-Metal Report

LBMA established the *Responsible Gold Guidance* ('RGG') and *Responsible Silver Guidance* ('RSG') 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 the refining of substantial volumes of both gold and silver. Operationally, ABC's gold refinery and silver refinery is conducted at the same proprietary facilities.

ABC has considered the requirements set out in each of the RGG and RSG (collectively, the Guides) and notes both the substantial commonality of requirements but also 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

<b>Refiner's name</b>	ABC Refinery (Australia) Pty Ltd
<b>Location</b>	12 Meeks Road, Marrickville, NSW2204 Australia
<b>Reporting year-end</b>	30 June 2020
<b>Senior Management responsible for report</b>	Sarah Bradley Group Legal and Compliance Officer

## PART B: RESPONSIBILITY

### Commitment to Responsible Sourcing

As the Australasian leader in responsible sourcing of ethical and Considerate™ Precious Metal, ABC drives positive social and environmental change through its supply chain.

Being part of the group of LBMA accredited refineries who collectively produce 85-90% of the annual world gold production<sup>1</sup>, ABC is committed to sourcing gold and silver responsibly with respect for the environment, human rights, the wellbeing of our employees, suppliers and members of our associated broader communities.

Our suppliers are important guarantors of ABC's promise of quality and our success, and together, we ensure that the raw material is extracted in an ethical, considerate, transparent, and accountable way. ABC maintains continual dialogue with its suppliers who must also commit to our policies and standards.

ABC is committed to respecting human rights of the workers in our upstream supply chain and members of the ABC team. ABC endorses internationally recognized normative standards including the principles and guidance contained in the United Nations Guiding Principles on Business and Human Rights, United Nations Sustainable Development Goals, World Gold Council Responsible Gold Mining Principles, OCED Due Diligence for Responsible Sourcing of Minerals from Conflict-Affected and High-Risk Areas, RJC Standards and regional and local environmental legislation.

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 suppliers agree to adhere to our policies and standards. This provides an additional safeguard ensuring that ABC only onboards and works with those suppliers who operate in accordance with the ABC Due Diligence Policy.

The ABC Due Diligence Policy is drawn from domestic and international legislation, LBMA *Responsible Gold Guidance* and *Responsible Silver Guidance*, FATF RBA Guidance for Dealers in Precious Metal and Stones; the IMF Implementing AML/CFT Measures in the Precious Minerals Sector and the OECD Convention of Combating Bribery of Foreign Public Officials in International Business Transactions.

### Considerate™ Precious Metals

ABC and its parent Pallion are focused on exceeding the highest international environmental, community, health, and industry standards. It is this approach that informs our position as a global leader in the vertically integrated and transparent supply of Considerate™ Precious Metals.

Developed in accordance with the Global Reporting Initiative (GRI), the Considerate™ Precious Metals Report, documents our sustainability, environmental and corporate social initiatives in respect of the 2020 financial year. The Considerate™ Precious Metals Report will be published annually.

The concept of Considerate™ Precious Metals is based on 5 essential tenets:

#### 1. Collaboration

Successful corporate social responsibility depends on collaboration between all relevant stakeholders, both internal and external to ABC. We achieve this through informal and formal channels of communication and actively encourage suppliers input to create value.

<sup>1</sup> Ruth Cowell, 'Responsible Sourcing Overview' LBMA webinar series, 26 May 2017.

## 2. Procurement

ABC has one of the most responsible and transparent supply chains in the world with over 90% of metal refined being newly-mined. In addition to being accredited members of leading international organizations such as the Shanghai Gold Exchange (SGE), CME Group (COMEX), Responsible Jewellery Council (RJC), The National Association of Testing Authorities (NATA) and the Singapore Bullion Market Association (SBMA), the majority of ABC's suppliers are from Australia and New Zealand, two of the most regulated primary metal sources globally.

## 3. Environment

Protection of our ecosystem is of utmost importance to ABC. From our business suppliers to our logistic partners and clients, we minimise the safety, environmental and health impacts throughout our supply chain through technological innovation.

ABC encourages responsible use, re-use and recycling in excess of OECD guidelines. Amongst many waste management initiatives, we have two key crushing and recycling facilities: (a) a silver leach plant which recovers silver from the byproduct of the electrolytic silver refining process; and (b) a sweeps treatment plant which crushes, grinds and recovers residual precious metals from consumables, such as exhausted crucibles.

## 4. Community

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

ABC provides a safe, rewarding and diverse workplace for all our team which contributes to the betterment of the community in which we operate. We employ, develop, and promote based on merit and do not tolerate discrimination, bullying or harassment and actively encourage our team members to 'speak up'.

## 5. Technology and Innovation

ABC is committed to investment in technology that reduces our carbon footprint thereby ensuring a safe, ecological and sustainable refining process.

We have adopted the world's leading environmentally conscious waste disposal process. Pyrolytic incineration avoids waste disposal into landfill and ensures that any output is reproduced to recover and refine residual metal. Unlike traditional methods, this is conducted without exposure to oxygen thereby achieving a 600% increase in operational efficiency compared to standard technologies.

## Active Participation and Corporate Responsibility

ABC is committed to contributing to a sustainable precious metals landscape.

In 2020, ABC Refinery obtained accreditation from The Commodity Exchange, Inc. (COMEX) for its premier gold product, the COMEX "GC" gold futures contract. The accreditation sees [ABC Refinery bars added to the COMEX good delivery list](#) of brands used to physically settle against the GC gold futures contract in New York. Inclusion in this prestigious good delivery list is a testament to ABC's ability to refine and manufacture gold products to a world-class standard and meet the exacting technical standards of the CME Group. This, the latest in a long line of accreditations, completes ABC Refinery's accreditation status with the three major gold trading centres, alongside the London Bullion Market Association (LBMA) and Shanghai Gold Exchange (SGE).

The success of our team and associated communities are essential to our success and informs our staff training, public education initiatives, educational scholarships, and broader charitable commitments.

ABC is very proud to invest in Australia's future – our youth. Each year ABC celebrates the outstanding achievement of two (2) students from the University of New South Wales studying Metallurgy by sponsoring the 'ABC Refinery Material, Science & Engineering Award', which is a financial sponsorship to assist students with their educational costs.

Within ABC's corporate giving program, which is the foundation of our broader community engagement initiatives, we donate gold to the University of Queensland (UQ) for utilization in cancer research. Most recently, UQ revealed that nanotechnology developed using gold nanoparticles provided by ABC has detected and monitored extracellular vesicles (EV's) in the bloodstream of 23 melanoma patients. This could guide cancer therapy in real time.

Our community initiatives are at the core of ABC's corporate responsibility. ABC pursues actively 'shared value' to maximise our positive impact on social and environmental systems in the landscape within which we operate. An ABC Director and two (2) Senior Managers continue to 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 sharing values to strengthen the gold industry by educating and advancing communities and supporting its people.

## **ABC's Evaluation**

This report summarises how ABC 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 2020 for all types of precious metals sourced and incorporates the 5 steps of LBMA Responsible Sourcing Programme V8, 11.12.2018.

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

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

## PART C: LBMA RGG & RSG COMPLIANCE

### Step 1 – Establish strong company management systems

*Compliance Statement with Requirement:*

ABC has complied fully with Step 1 – Establish 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 2019 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.

The Due Diligence Policy recognizes the importance of ABC in addressing ethical sourcing within our own sphere of influence and the utilization 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 effectiveness and performance of 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 Senior Management which is reflected in the organizational structure of ABC. The Compliance Officer is a member of the Internal Compliance Committee (ICC) who meet monthly. Recommendations regarding resources necessary to support the operation and monitoring of the supply chain due diligence from the ICC are immediately approved by the Board.

Our Compliance Officer and Group Legal and Compliance Officer are extremely competent, knowledgeable, and experienced in supply chain Due Diligence practices and processes. Collectively, their experience extends to over 25 years both within the precious metals industry, AML/CTF, human rights and the broader financial crime arena.

**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. These records are maintained for seven (7) years.

During the 2020 financial year, ABC maintained its No-Exception Policy of not accepting 99.99 purity (or higher) precious metals for refining.

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 ABC processes any material. Any deviation from these policies 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 during 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. Loco London bullion swaps are offered to Australian miners if required as a form of settlement.

ABC's cooperation with government authorities continues to be proactive and exemplary. During the 2020 reporting period, ABC 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 capacities.

*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. All ABC documentation has been updated to include an acknowledgement from Counterparties of their environmental and sustainability responsibilities. This encourages long-term relationships based on trust and mutual recognition with our suppliers. These relationships are further enhanced during customer on-site visits where expectations and guidance are communicated.

ABC 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. Responses are 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 requirements are maintained along the supply chain. We regularly engage and educate our counterparties on responsible gold and silver sourcing including the implementation of relevant domestic and international initiatives such as the International Council on Mining and Metals (ICMM) governance framework. Counterparties who have been unable to wholly satisfy our due diligence process are not approved to trade with ABC or its associated entities.

The ABC compliance department has undertaken enhanced ongoing due diligence on each counterparty in the 2020 reporting period and report that our due diligence requirements have been met. The Compliance Officer has tabled the next review to be conducted in 2021.

In the 2020 reporting period, ABC Refinery declined one (1) supplier as a result of on-boarding due diligence.

ABC applies a strict Application and KYC process which includes at a minimum, an assessment of the suppliers compliance with labour policies, health and safety policies, environmental and sustainability policies and legislation, supplier code of conduct, social and governance policies, financial records, governmental reports including compliance / non-compliance with taxes, fees and royalties due, bribery and/or fraudulent misrepresentation of the origin of metal. Further AML/CTF verifications are conducted on application and on an ongoing basis including but not limited to media checks, domestic and international criminal sanction checks, PEP checks, thorough and detailed UBO checks.

## **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 emphasizes the necessity of dealing with grievances in terms of the potential seriousness of the grievance rather than based on the category of person who has the grievance. This means that all are treated on equal terms. All reports are assessed by the People and Culture Manager, and if required, are reported to Senior Management.

No concerns have been raised during the 2020 reporting period.

## Step 2 – Identify and assess risk 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 Considerate™ Precious Metals Sourcing 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 require 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 any business relationships.

ABC continues to apply its existing criteria when evaluating gold-supplying counterparties and ABC's Compliance Officer assigns a risk rating to each potential supplier using a risk matrix. This is inclusive of the entire supply chain and accordingly ABC works with the leading high security transportation and logistics companies who adhere to the OECD DDG and its Supplement on Gold.

In 2020 ABC was approached by an international supplier to refine their metal. Pursuant to our Due Diligence Policy and AML/CTF Program, our Compliance Officer and Group Legal and Compliance Officer undertook supplier due diligence on the Company, the ultimate beneficial owner and management personnel. Due to the risks posed by the supplier including the criminal record of management personnel, the use of child labour, general lack of controls and systems, lack of clarity in the supply chain from the supplier to ABC and indirect evidence of suspected criminal activity (money laundering), the supplier failed to meet our 'Step 1' criteria, and accordingly ABC declined to refine metal for this supplier. The risk was based solely on the supplier and not the geographical location.

### **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 the 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.

ABC predominantly sources precious metals from recycled and mined supply chains in Australia and New Zealand from low-risk suppliers.

Over 12 months to finalization, ABC established new KYC verification platforms, internal traceability software, amended processes, practices and compliance guidelines for international suppliers including those listed in the RGG<sup>4</sup>. This was in addition to the compliance team gaining knowledge and

<sup>4</sup> LBMA Responsible Sourcing Programme Responsible Gold Guidance V 8, 11.12.2018 at [2].

understanding of international mining, environmental, labour and AML/CTF legislation. Further, compliance and front-line staff have been extensively trained in assessing risks in international supply chains.

ABC does not source from artisanal mining supply chains or specifically, World Heritage Site areas and confirms that no artisanal or world heritage site material was received in the 2020 Reporting period.

ABC's Compliance Officer monitors government regulations and utilises online resources from the United Nations, OECD, FATF, domestic and international Governments and other extrinsic material to keep informed of precious metal supply chain risks. The results are then evaluated, discussed at ICC meetings and assist in the further identification and assessment of risks in the supply chain. As required, ABC's policies and practices are updated and subject to Senior Management approval.

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

*Compliance Statement with Requirement:*

ABC reports risk assessments to designated Senior Management members.

*Comments and Demonstration of Compliance:*

Senior Management retains the ultimate control and responsibility for the gold and silver supply chain and provides final approval in respect of 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 reassesses the decision whether to continue the business relationship. Senior Management will review high-risk suppliers monthly.

ABC does not have any suppliers classified as 'high' or 'extreme risk'. All ABC suppliers are currently classified as 'low risk'.

Senior Management selects and supervises the Compliance Officer and provides the necessary means to perform its duty. In addition, the Compliance Officer is member of the Internal Compliance Committee who meet and report 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 an actual or potential risk is identified.

*Comments and Demonstration of Compliance:*

ABC's supply chain and client due diligence policies 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. Where appropriate, the Compliance Officer reports 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>5</sup> regulations in the Australian jurisdiction and applies it to our own compliance measures as detailed in this Compliance Report. The ABC compliance team is continually updated on domestic and international legislative and Industry amendments.

If ABC's due diligence process 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 2020 reporting period, ABC 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, minimization and control. All staff and counterparties in the supply chain commit to our Due Diligence Policy and Monitoring and Risk Management Policy.

ABC's principles of risk mitigation that underpin our good faith with suppliers, is to de-risk before we disengage. We offer meaningful suggestions of supply chain improvement for suppliers and prioritize this course before any other.

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 to trade approach, ABC employs 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 the aforementioned measures 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.

No measurable steps of our suppliers were required to be taken during the 2020 reporting period for gold and silver suppliers.

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<sup>5</sup> Australian Transaction Reporting 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 ICC 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:*

ABC has complied fully 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 2019 without any Medium, High-Risk or Zero Tolerance non-compliances, ABC is subject to a limited assurance for the 2020 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:*

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

##### *Comments and Demonstration of Compliance:*

ABC reports publicly on its 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 at [www.abcrefinery.com](http://www.abcrefinery.com).

The ABC 2020 Compliance Report will be made available on the ABC 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.

## PART D: OTHER REPORT COMMENTS

### Developments

#### ***Anti-Money Laundering and Counter-Terrorism Financing Training Modules***

ABC has introduced separate AML/CTF Training Modules for Senior Management and front-line staff.

AML/CTF training is undertaken by all employees at the refinery, whether in compliance, security or senior management. Training is conducted when initially employed within one month (1) of commencement and a refresher is undertaken annually or when required, whichever is the earliest.

The training compliments and educates our employees about our functioning AML/CTF Program which outlines the processes and practices ABC utilises to identify, mitigate and manage money laundering and terrorism financing risks in our supply chain. Our AML/CTF practices also assist government administrations to monitor the organisation of our Industry.

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.

#### ***COVID-19***

In January 2020, the COVID-19 pandemic presented in Australia, and as an advocate for our industry, the Australian Government included ABC as an 'essential service' on 29 January 2020.

ABC Refinery immediately implemented all necessary steps and engaged responsibly with our suppliers to ensure that our seamless supply chain was not impacted. We introduced measures to protect our employees, their families, and our associated communities. By adapting our practices, this also supported those actors including our logistics and supply partners.

Our internal policies have been amended to reflect the mandatory legislative measures installed. All production facilities continue to operate as usual through this pandemic, as our multi-site model provides built-in contingency to ensure continuity of production. We have implemented multi-segregated shifts to ensure the safety of our team and after consultation with our logistics partners, we ensure all physical precious metals are collected and dispatched without direct human contact

We continue to exceed the latest guidance requirements from the Australian Department of Health and WHO and have introduced extensive health and safety protocols including, but not limited to, providing unlimited supply of masks and daily medical screening to all employees, enhanced cleaning and hygiene practices, increased food safety, social distancing of workers, remote working facilitated by purchased laptops and the increased reliance on technology such as virtual meetings. Non-essential visits to ABC by external parties are limited and visitors are required to comply with our strict hygiene policy including sanitation, temperature testing and mask usage.

## ***Sustainability***

ABC continues to hold itself 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. Developed in accordance with the Global Reporting Initiative (GRI), the Considerate™ Precious Metals Report, documents our sustainability, environmental and corporate social initiatives in respect of the 2020 financial year. The Considerate™ Precious Metals Report will be published annually.

## **Management Conclusion**

This ABC Refinery Multi-metal Responsible Gold Guidance and Responsible Silver Guidance Compliance Report 2020 demonstrates our veritable compliance over the reporting period to the LBMA Responsible Sourcing Program.

The LBMA RGG and RSG form the foundation of ABC's commitment to a 100% transparent ethical supply chain. As a result, ABC maintains a strong culture of compliance with effective high standards of anti-money laundering and combat terrorist financing practices.

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

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