

LBMA Responsible Gold Guidance - Summary Assessment Report

For third-party audits based on ISO19011:2011.

Prepared for: London Bullion Market Association (LBMA)
Date: 08-09 March 2018
Draft Version 1

ASSESSMENT INFORMATION	
Refiner Name:	Shandong Gold Smelting Co., Ltd
Refiner Location:	Jiaojia Village, Jincheng Town, Laizhou, Yantai, Shandong, China
Refiner Contact Person: Name, Title: Email: Phone:	Ms. HOU Xujing Title: Manager of Risk Control Department Email: houxujing123@163.com Phone: +86-535-2697916
Assessment period:	01.01.2017 - 31.12.2017

ASSESSMENT CONCLUSIONS							
				Non compliance – risk level			
CATEGORY	SUBCATEGORY	Compliant		Low	Medium	High	Zero Tolerance
General Information							
Step 1: Establish strong Refiner management systems	1.1	X					
	1.2:	X					
	1.3	X					
	1.4	X					
	1.5	X					
Step 2: Identify and assess risk in the supply chain	2.1	X					
	2.2	X					
	2.3	X					
Step 3: Design and implement a management strategy to respond to identified risks	3.1	X					
	3.2	X					
Step 4: Arrange for an independent third-party audit of the supply chain due diligence	4.1	X					
Step 5: Report on supply chain due diligence	5.1	X					

		Non Compliance – risk level
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	Compliant	Low	Medium	High	Zero Tolerance
Based on the above assessment conclusions, the overall rating of the Refiner's performance is determined to represent:	X				

Assessment scope:	
<i>Refiner location(s) included in the assessment scope</i>	<i>Jiaojia Village, Jincheng Town, Laizhou, Shandong, China</i>
<i>Assessment Period</i>	<i>01.01.2017 - 31.12.2017</i>
Assessment methodology:	
<p><i>The Assessment team used a triangulation and sampling methodology to evaluate implementation, adequateness, consistency and effectiveness of existing risk management and control system at the Refiner. The assessment covered all areas and steps of framework required by the LBMA Responsible Gold Guidance. Each area of the LBMA Responsible Gold Guidance was verified through documentation review (including policy/procedure and records), management/employee interview, and onsite observation during the plant tour.</i></p> <p><i>The evidence of compliance that was reviewed included:</i></p> <ul style="list-style-type: none"> <i>The following documents were reviewed: Refiner's Due Diligence Policy and Procedures, Gold supplying counterparties' (GSC) profiles, Due diligence records for GSCs and subcontractors, Written commitment of GSCs and subcontractors for following supply chain policy, transaction records and supply chain related production records.</i> <i>The following areas of the facility were visited during the tour: Ball-milling, floatation, cyaniding, chlorination-leaching, pulverization, dissolution in aqua regia, reduction, drying and ingot casting section, gold ore sampling area, mined crude gold and recycled gold sampling area, gold vault and gold ore weighing room.</i> <i>The following interviews were conducted with management: Risk Control Department Manager, Marketing Department Managers, Risk Control Department, Production supervisor, Assistant Manager of Financial Department.</i> <p><i>In addition to the above management team, one male vault keeper was interviewed and one male material-receiving worker.</i></p>	
Any significant or inherent limitations or areas not covered that were within the assessment scope:	
<i>None</i>	
Assessment criteria:	
<ul style="list-style-type: none"> <i>The 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 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 assessment team to reach a conclusion.</i> <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> 	

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: Chaco LIANG

Signature: Chaco LIANG (On file)

Date: 09 March 2018
