

LBMA – Responsible Gold/Silver Summary Audit Report (ISO19011:2011)

**Asahi Refining North America
Salt Lake City, UT, USA**

Shaun Lawrence
<http://www.asahirefining.com/>

Prepared by:

Ambar Valles | Program Manager, Jewelry and Precious Metals
Environmental Certification Services
+1.510.452.8000

avalles@scsglobalservices.com

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2000 Powell Street, Ste. 600, Emeryville, CA 94608 USA
+1.510.452.8000 main | +1.510.452.8001 fax
www.SCSglobalServices.com

ASSESSMENT INFORMATION	
Refiner Name:	Asahi Refining North America
Refiner Location:	Salt Lake City, Utah, USA
Refiner Contact Person Name, Title: Email: Phone:	Shaun Lawrence, Security & Compliance Manager, NA Shaun.lawrence@asahirefining.com 905-454-6842 or cell 416-998-5252
Lead auditor and audit team members	Lead Auditor: Mike Turner Team Auditor: Ambar Valles
Dates and places where the onsite assessment activities were conducted	June 3 – 7, 2019 – SLC

LBMA Refiner Assessment Report	
Refiner Background:	
<p>Asahi Refining USA, located in Salt Lake City, Utah (est. 1982) was acquired by Asahi Holdings Inc. in 2015. Both sites are leading providers of precious metal assaying, refining, and bullion products that service mining, recycling, institutional investment, and distribution clients.</p> <p>Asahi Refining has completed London Bullion Market Association (LBMA) assessments since 2014. The company has participated in a number of industry initiatives including the Responsible Artisanal Gold Solutions (RAGS) Forum, Responsible Mineral Initiative's Risk Readiness Assessment program, and is involved in projects with downstream clients. Management focuses on building lasting relationships with gold and silver supplying counterparties and pursues opportunities to consult on strengthening due diligence capacities where applicable.</p> <p>The following compliance report illustrates Asahi Refining's continuous improvement activities within the time period of April 1, 2018 – March 31, 2019. To align with the LBMA's Responsible Gold Guidance and Responsible Silver Guidance standards (based on OECD Due Diligence Guidance), management is committed to refining management systems, policies, and procedures throughout 2019 and beyond.</p>	
Assessment objectives:	
<p>The objectives of the assessment were to evaluate the conformity of Asahi Refining's management system procedures, processes, and practices with the LBMA Responsible Gold Guidance (RGG) and Responsible Silver Guidance (RSG) at their Asahi Refining North America – Salt Lake City, Utah, USA (SLC) location.</p> <p>The criteria used to evaluate the subject matter consisted of the relevant information contained within the LBMA's Third Party Audit Guidance (version 3) and in accordance with the ISO 19011:2011 International Standard approach.</p>	
Assessment scope:	
<i>Refiner location(s) included in the assessment scope</i>	Asahi Refining North America (SLC, UT – Head Office): 4601 2100 South, West Valley City, UT 84120 USA

Assessment Period

April 1, 2018 – March 31, 2019

Assessment methodology:

The SCS Global Services assessment team used a triangulation method to evaluate the existence and implementation of appropriate systems at the Refiner, addressing all areas covered by the LBMA RGG and RSG. Each area was verified by documentation review, management/employee interviews, as well as observation during the facility tour at SLC.

The evidence of compliance that was reviewed included:

SLC

- **The following areas of the facility were visited during the tour:** Office area, shipping and receiving areas, metal control department, vault, silver and gold refining areas, melt room observation, assay laboratory, main product manufacturing.
- **Documents reviewed included:** Supply Chain Policy, internal procedures related to supply chain due diligence, material controls and transparency, risk assessment matrix, list of suppliers, organization chart, management and employee training records, compliance committee minutes, gold and silver supplying counterparty files, and material transaction files.
- **Interviews were conducted with the following members of management:**
 - Security & Compliance Manager
 - Global Business Development Manager
 - Sales Manager, Recycling Materials
 - Latin America Sales Manager
 - Customer Service Supervisor
- **The following interviews were conducted with employees (during floor tour):**
 - Metal Control Supervisor
 - Metal Control Room employee
 - Assistant Lab Supervisor
 - Fire Assay I
 - Business Development & Products Administrator

Statement of the confidential nature of the contents:

All the data contained in the assessment report, as well as all information obtained during the performance of the certification, is private and confidential between the auditing body, the Refiner, and the LBMA.

Any significant or inherent limitations or areas not covered that were within the assessment scope:

The auditors did not experience any significant or inherent limitations during the assessment at SLC. Management was prepared, cooperative, and receptive throughout the process.

Assessment criteria:

The SCS Global Services 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 auditor or 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 auditor or assessment team to reach a conclusion.

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 and Responsible Silver Programme for the responsible sourcing of silver-bearing materials.

Assessment Conclusions

OVERALL ASSESSMENT CONCLUSION	Compliant	Low	Medium	High	Zero Tolerance
Based on the above assessment conclusions, the overall rating of the Refiner's performance is determined to represent:			✓		

ASSESSMENT CONCLUSIONS BY CATEGORY

Refer to the LBMA Third-Party Audit Guidance, Appendix 1 to determine the level of conformance for each sub-category ¹.

	CATEGORY	SUBCATEGORY	Compliant	Non Compliance – risk level			
				Low	Medium	High	Zero Tolerance
A	General Information						
B	Step 1: Establish strong Refiner management systems	1.1:	✓				
		1.2		✓			
		1.3	✓				
		1.4		✓			
		1.5	✓				
C	Step 2: Identify and assess risk in the supply chain	2.1		✓			
		2.2		✓			
		2.3	✓				
D	Step 3: Design and implement a management strategy to respond to identified risks	3.1	✓				
		3.2	✓				

E	Step 4: Arrange for an independent third-party audit of the supply chain due diligence	4.1	✓				
F	Step 5: Report on supply chain due diligence	5.1	✓				

¹ LBMA Responsible Gold/Silver Programme-Third Party Audit Guidance. Appendix 1: Definitions of Non-compliances. Pg. 43&44.

Assessment plan:
<p>The on-site assessment at each of the selected sites of the Refiner is composed of four (4) parts:</p> <ol style="list-style-type: none"> 1. Opening meeting; 2. Review of objective evidence by means of observation, documentation and interviews; 3. Evaluation of the evidence presented to determine compliance with LBMA requirements; 4. Closing meeting.
List of attendees of opening and closing meeting
<p>SLC <u>Opening Meeting – June 4, 2019</u> Security & Compliance Manager Global Business Development Manager Sales Manager, Recycling Materials</p> <p><u>Closing Meeting - June 7, 2019</u> Global Business Development Manager</p>
Refiner feedback
<p>Asahi Refining recognizes the importance of continuous improvement and are pleased to report that while several small inconstances were recognized throughout this year’s audit process, Asahi has taken the appropriate steps to correct and improve in many areas as a result of this audit. It was the decision of Asahi to complete the ISO audit for the 2018 audit year. In past years Asahi has participated in the ISAE audit. It was our observation that the ISO audit was a much more detail-oriented auditing process which touched on the finer points of our program step by step. We are grateful to have been able to participate in the ISO format and we feel we have strengthened our program a great deal as a direct result. We would like to thank SCS Global Services for their assistance as we navigated this new learning and continuous improvement experience.</p>

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.

Auditing Body: Ambar Valles, Program Manager Jewelry and Precious Metals – SCS Global Services

Signature: *Ambar Valles*

Date: July 18, 2019