

# ASSURANCE PROVIDER TOOLKIT

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## About this Document

All LBMA Good Delivery List (GDL) Gold and Silver Refiners (Refiners) are required to implement LBMA's Responsible Sourcing Guidance (the Guidance), which comprises the Responsible Gold Guidance (RGG) and the Responsible Silver Guidance (RSG). The Refiners are also required to obtain an annual independent assurance on their publicly available compliance reporting.

Pursuant to the Third Party Assurance Guidance (TPAG) (page 2), LBMA may introduce additional requirements based on emerging good practice and implementation experience. This Toolkit is required for use by Assurance Providers who have been engaged to perform an independent assurance of a GDL Refiners' Compliance Report in accordance with the Guidance. It has been developed to promote quality and consistency in the conduct of assurance engagements across the LBMA Responsible Sourcing Programme and should be read in conjunction with:

- the ISAE 3000 assurance standard;
- the Guidance;
- TPAG; and
- the Refiners Toolkit

## Use by Assurance Providers

Assurance Providers must still meet all the requirements as set out in TPAG. The Assurance Provider Toolkit does not replace these requirements, it has been designed to complement them.

The Assurance Provider Toolkit is split into two categories:

- i. Questions: this consists of a minimum set of questions that all Assurance Providers would be expected to ask during the assurance process.
- ii. Documents: this is a list of documents Assurance Providers are expected to review, at a minimum, for each file.

Where a question and/or document in the Toolkit is not relevant, Assurance Providers would be expected to explain why.

It is important to note that the Toolkit, like the Guidance documents, is to be used as a minimum standard. It is designed to be an aide, and not a 'tick box exercise'. This means that Assurance Providers may add to the both the questions they ask and the documents they request.

Assurance Providers are still required to undertake thorough questioning when conducting an assurance engagement. In particular, Assurance Providers should continue to:

- obtain an understanding of the Refiners' operating environment;
- have knowledge of the responsible sourcing challenges in various jurisdictions and provide appreciate challenge to the Refiners' process and risk assessment results;
- question and challenge what they are told by Refiners (including changes from the previous assurance engagement i.e., change to circumstances, new suppliers, ratings of suppliers);
- reconcile the facts; and
- review documents to satisfy themselves.

If you have any questions, please contact [responsible.sourcing@lbma.org.uk](mailto:responsible.sourcing@lbma.org.uk)

## Questions

Step RGG/RSG	Requirements	Comments
Step 1	<p>Does the Refiner's policy meet RGG/RSG and OECD Annex II guidelines, including</p> <ul style="list-style-type: none"> <li>• Risk management measures</li> <li>• ESG factors</li> </ul> <p>Does the Refiner's policy also address the implementation of relevant initiatives such as Extractive Industries Transparency Initiative (EITI).</p>	
	Describe how the Refiner has assigned authority and accountability for oversight of the implementation and continuous improvement of the supply chain due diligence programme.	
	<p>Describe the supply chain responsibilities of the Board or committee/persons appointed by the Board, and the compliance officer.</p> <p>Are these described in the compliance report?</p>	
	How often is the Board informed about responsible sourcing practices?	
	Explain the compliance officer's level of seniority in the organisation and who they report to?	

	Describe the resources available to the compliance department. Are these sufficient, and does the compliance department have proper support and training?	
	Describe the processes the compliance officer has put in place to ensure critical information (updated policy, new requirements of RGG/RSG, etc) reaches relevant persons (sales teams, operation teams, management, board, etc).	
	<p>What training has the compliance officer undertaken during the year about responsible sourcing, including with respect to supply chain risks (i.e., threat financing and ESG) .</p> <p><i>Collect the training materials</i>  <i>Collect the list of attendees</i></p>	
	<p>Explain how the compliance officer has prepared and updated (if relevant) the Refiner's gold/silver Supply Chain Policy and Procedures.</p> <p><i>Collect confirmation of updates to Supply Chain Policy and Procedures</i></p>	
	Explain how the compliance officer reviewed the new customer/supply chain opened during the year under review. Did the compliance officer request additional documentation or information where required?	
	Explain whether the responsibilities of the compliance officer, as set out in step 1.2, have been met.	

	<p>Describe how the Refiner pays/receives funds for precious metals.</p> <p>Is this only through official banking channels?</p> <p>If not, are the cash payment(s) made in conformity with RGG/RSG</p>	
	<p>Summarise the Refiner's system for maintaining records.</p> <p>Are records maintained for at least 5 years?</p>	
	<p>Describe the Refiner's chain of custody or traceability system (as per step 1.3)?</p> <p>Does the traceability system:</p> <ul style="list-style-type: none"> <li>• Have a unique reference number assigned to each lot?</li> <li>• Report for each lot the following type of material: <ul style="list-style-type: none"> <li>○ Mined gold/silver: LSM, ASM, Mining by-product.</li> <li>○ Recycled gold/silver: Unprocessed, melted, Industrial by-product.</li> <li>○ Grandfathered stock.</li> </ul> </li> <li>• Report weight and assay.</li> <li>• Shipping transportation documents, including export/import forms for high risk supply chains.</li> <li>• Date of arrival/date of assay.</li> </ul>	
	<p>Describe any technology solutions that the Refiner may use to enhance transparency and</p>	

	efficiency in supply chain traceability include technology solutions? (not a requirement)	
	Explain whether the Refiner's policy, or the counterparty's supply chain policy, or the OECD Annex II policy, is included in the agreement between the Refiner and its counterparty.	
	How does the Refiner establish processes to engage through the supply chain responsible mining and sourcing practices?  Is it described in the compliance report?	
	How does the Refiner cooperate with law enforcement agencies?	
	Describe the Refiner's grievance mechanism. Is it compliant with step 1.5 of RGGv2/RSGv2?	
Step 2	<p>Risk Assessment</p> <p>Explain the Refiner's approach to categorizing suppliers into various risks ie low and high risk.</p> <p>For low risk, explain if the criteria is suitable and has been appropriately implemented.</p> <p>Explain how the Refiner has defined high-risk criteria (areas, counterpart, product). Does this comply with the minimum measures for high-risk supply chains as set out in the RGG/RSG?</p>	

	<p>What is the percentage of the high-risk supply chain?</p> <p><i>Please include this percentage in the Management report to the LBMA</i></p>	
	Explain how the Refiner applies EU, UK, US and UN sanctions, and other relevant domestic and international sanctions?	
	Does the Refiner have an appropriate tool to verify that it complies with the above sanction list?	
	<p>Does the high-risk criteria include the following location risk criteria:</p> <ul style="list-style-type: none"> <li>- Dodd Frank list</li> <li>- EU CAHRA list</li> <li>- Heidelberg</li> <li>- Fragile States Index or equivalent</li> <li>- UN Human Rights Office of the High Commissioner or equivalent</li> <li>- FATF</li> <li>- Others criteria (transit hubs, high risk gold/silver centre, etc.)</li> </ul>	
	Has the Refiner used the LBMA's Refiners Toolkit (KYC questionnaires, site visit reports and due diligence checklists?	
	Has the Refiner assessed and mitigated anti-money laundering risks in its supply chains?	
	Provide the results of the due diligence file assurance on:	



	<ul style="list-style-type: none"> <li>• Identification and verification of the gold/silver supplying counterparty.</li> <li>• Identification and verification of Ultimate Beneficial Owners (UBOs).</li> <li>• Confirmation that gold/silver supplying counterparty and its UBOs are not named on government lists.</li> <li>• Obtaining the gold/silver supplying counterparty's business and financial details, and information on the purpose and intended nature of the business relationship.</li> </ul>	
	<p>Describe whether the Refiner has conducted appropriate scrutiny and monitoring of transactions through the course of its relationship with the supplier, including:</p> <ul style="list-style-type: none"> <li>- Checking volumes, types and concentrations of gold/silver bearing material for consistency with previous shipments if relevant.</li> <li>- Verifying physical shipment against shipping/transportation documents</li> <li>- Confirming that documents and materials are consistent with each other.</li> </ul>	
	How often does the Refiner perform a review of its supply chain, to be able to determine whether it can continue sourcing and does this include an annual review of high-risk supply chains?	
	What systems has the Refiner put in place to monitor the transaction to ensure that the transactions are consistent with the Refiner's knowledge of the supply chain and risk profile?	

	<p>Describe how enhanced due diligence has been undertaken in relation to all high-risk supply chains.</p> <p><i>Collect the enhanced due diligence policy /process</i></p>	
	Does the Refiner apply the minimum high-risk criteria for zero-tolerance as per RGG/RSG.	
	Does the Refiner apply the minimum high-risk criteria for mined gold/silver and recycled gold/silver in line with RGG/RSG.	
	<p>Where enhanced due diligence is required, does the Refiner have a process for undertaking an on-site investigation. Was the on-site site visit:</p> <ul style="list-style-type: none"> <li>- Aimed at substantiating documented KYC information</li> <li>- Focused on investigating threat financing risks and the specific supply chain due diligence findings</li> <li>- Conducted before any transactions occur or, at the latest, within six months of the business relationship commencing.</li> <li>- Conducted by competent employees/ independent third party consultants with a conflict of interest – <i>provide details on who the person(s) where</i></li> <li>- Included in consultation with relevant internal and external stakeholders.</li> </ul>	
	Describe how the Refiner applies the enhanced due diligence requirements in line with RGG/RSG.	

	Has the Refiner correctly identified any of its counterparties as being an intermediate refiner?	
	<p>If these intermediate refineries have high-risk supply chains, has the Refiner requested an independent OECD equivalent audit report on the intermediate refiner's responsible sourcing practices?</p> <p><i>Collect the independent OECD equivalent audit report on a sample basis.</i></p>	
	<p>Which OECD equivalent audit programs are accepted by the Refiner?</p> <p><i>Please describe it in the management report sent to the LBMA</i></p>	
	<p>Has the Refiner sourced bullion produced by an intermediate Refiner sourced through traders, banks, wholesaler, or other supply chain actors?</p> <p>If yes, does the Refiner assess the supply chain risk of the intermediate refiner and ask for an equivalent OECD audit report, if relevant?</p>	
	Are there any change in circumstances which may impact the Refiners' risk exposure?	

Step 3	<p>Describe instances where the Refiner has stopped sourcing in case of known and verified instances of:</p> <ul style="list-style-type: none"> <li>- Money laundering</li> <li>- Terrorist financing</li> <li>- Serious human rights abuse</li> <li>- Direct/Indirect support to illegitimate non-state armed groups</li> <li>- Fraudulent misrepresentation of the origin of minerals</li> </ul>	
	<p>Describe any instances where the Refiner has suspended refining gold/silver where its enhanced due diligence concludes that there is founded suspicion of:</p> <ul style="list-style-type: none"> <li>- Money laundering</li> <li>- Terrorist financing</li> <li>- Serious human right abuse</li> <li>- Direct/Indirect support to illegitimate non-state armed group</li> <li>- Fraudulent misrepresentation of the origin of minerals</li> <li>- Catastrophic ESG impacts</li> </ul>	
	<p>What risk mitigation plan has the Refiner put in place when the enhanced due diligence was not fully satisfactory, or where it concluded that the counterparty was using reasonable and good faith efforts despite instances of:</p> <ul style="list-style-type: none"> <li>• Bribery</li> <li>• Non-fraudulent misrepresentation of the origin of mineral</li> </ul>	

	<ul style="list-style-type: none"> <li>• Non-compliance with taxes, fees and royalties due to government</li> <li>• Material breaches of environmental, health, safety, labour and community-related local legislation, and/or ESG risks that have the high likelihood to result in highly adverse impacts</li> </ul>	
	In risk mitigation plans, describe how the Refiner defined an improvement plan, did this include performance objectives/performance indicators?	
	Describe the review plan and how often an assessment was made of the improvement plan?	
	How often does the compliance officer and/or Board review the decision to continue trading, suspend or terminate the relationship under risk mitigation?	
	<p>Explain what information the Board receives i.e.,:</p> <ul style="list-style-type: none"> <li>- Relevant statistics on high-risk supply chains</li> <li>- Counterparty under risk mitigation strategies and status of risk mitigation strategies</li> </ul>	

	- Reports on the progress and effectiveness of improvement plans for risk mitigation strategies	
Step 5	Is the supply chain policy made publicly available on the Refiner's website?	
	Is the compliance report made publicly available on the Refiner's website?	
	Has the identity of the local exporter located in high-risk locations (CAHRA) been disclosed to the LBMA?	
	Is the compliance report drafted in compliance with relevant disclosure as per RGG, RSG and the Disclosure Guidance?	
	Has the Refiner issued a country of origin report to be sent to LBMA?	
	If high-risk non-conformances are identified, has the Refiner disclosed the high-risk non-conformance in the compliance report and prepared a Corrective Action Plan (to be sent to the LBMA)?	

General	Describe any changes since the previous assurance – for example are there any issues/concerns that should be highlighted and what improvements have been made.	
Sample	<p>Take a sample which is representative of the business and the feed received by the Refiner:</p> <ul style="list-style-type: none"> <li>- Low/high-risk supply chain</li> <li>- Mined/recycled supply chain</li> <li>- LSM/ASM supply chain</li> <li>- Unprocessed/processed material</li> <li>- Geographic areas</li> </ul> <p><i>The sampling process should be described in the Management report.</i></p>	

## Documents

<b>Account/Supply chain number:</b>
<b>Type of supply chain:</b> LSM/ASM/Recycled/Mixed
<b>Risk Level:</b>

Due Diligence File	Yes	No	N/A	Reason/Comments
<b>General Documents</b>				
Copy of certificate of incorporation, trade registry extract or equivalent				
Import/export license, if applicable				
Refiner's supply chain policy/OECD Annex II supply chain policy or equivalent policy part of the agreement with the Refiner				
Identification of ultimate beneficial owner (UBO)				
Copy of identity card/passport of UBO				
Copy of identity card/passport of persons having signed the refining agreement (authorized signatories)				
Screening of counterparty, authorised signatories, UBO (worldcheck or equivalent)				



If UBO/ID of authorized signatories waived due to listing, proof of listing				
Copy of Power of Attorney (where relevant)				
Financial data (at a minimum the one in the LBMA KYC questionnaire)				
Account opening form approved by a member of the compliance committee; including risk classification				
Copy of latest annual report if relevant				
<b><i>Mined supply chain:</i></b>				
Mining location				
LBMA Mined KYC questionnaire				
Copy of mining licenses				
Mine ESG policy & practices (health &safety, environmental, ABC policy) where relevant				
<b><i>Enhanced due diligence conducted for mined high risk supply chain, including:</i></b>				
On site visit (LBMA template)				

Tax self-declaration				
Proportionate KYC on each company of the supply chain located in conflict area				
Understanding the nature of private/public security forces used				
Assessment on ASM on the concession				
Understanding payments/compensation made to government				
<b>Recycled supply chain:</b>				
LBMA recycled KYC questionnaire				
AML/supply chain/ABC policies & practices, if relevant				
<p>If non-LBMA gold bullion is received from the counterparty (or indirectly), does the Refiner:</p> <ul style="list-style-type: none"> <li>• Identify the refiner having produced the bullion</li> <li>• Assess if the supply chain of the intermediate refiner is high-risk</li> <li>• If yes, request the intermediate refiner to be audited with an OECD equivalent program by a qualified independent auditor</li> </ul>				
<b><i>Enhanced due diligence conducted for recycled high risk supply chain, including:</i></b>				

Screening of each company of the supply chain located in conflict area				
On site visit (including assessment of supply chain due diligence process) (LBMA template)				
<b>Risk assessment/risk level</b>				
Does the Refiner properly assess the risk based on information collected?				