



June 2013

**LBMA Responsible Gold Guidance –
Summary Assessment Report
For third-party audits based on ISO19011:2011**

According to LBMA provision this document has to be made publicly available by the refiner.

Company Name:	CHIMET SPA
Reference Standard: LBMA RGG	Other ref.: ISO 19011:2011

Audit Team	
Team Leader:	Team Member:
SIMONE OLMO	//
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Type of Audit	Date of Opening Audit	Date of Closing Audit	Total n° of man/days
Full assessment Audit	07/03/2016	08/03/2016	2
Assessment Review			
Follow-up Assessment			

Site(s) address(es):	Site address: Via dei Laghi, 31/33 Frazione Badia al Pino CIVITELLA VAL DI CHIANA 52041 (AR) – ITALY
Refiner Contact Person:	Name: Giovanni Prelazzi
Name, Title:	Title: Compliance manager
Email:	e-mail: Giovanni.prelazzi@chimet.com
Phone:	Phone: +390575415694

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

Is a follow up visit required? (in case of high risk non-compliance)		No
Date(s) of follow up visit:		Assigned auditor:



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AUDIT SUMMARY

Basic Inputs

This assessment review is related to the period 01.01.2015 – 31.12.2015 and has been required due to the end of the fiscal year 2015 according to the Italian regulation.

This is the first full re - assessment Audit.

The Compliance Manager, head of the LBMA compliance team as well as another member of the compliance committee, attended the opening meeting and also were interviewed to verify the level of compliance to the LBMA programme together with the other process officers involved in LBMA RGG management system.

Key activities such as re-cycle gold receiving for refinery process, re-cycle gold in-coming inspection and laboratory testing process, supply chain risk assessment, refinery, storage, packaging, inventory, and products delivery were verified and audited.

The number of gold supplying counterparties is mainly confirmed having the same characteristics, with the following percentages:

- *Industrial mining operations (large or small scale): 0.1 %*
- *Artisanal mining operations: N.D.*
- *Traders / brokers: 5%*
- *Recycled material/collectors: 48%*
- *Industrial scrap providers: 47%*

Others: 0.4% (Bank)

Only one high risk gold supplying counterparties is found during the audit.

47% of the suppliers are classified as low risk suppliers and 48% of them are classified as medium risk suppliers.

Time allocated for the audit was found adequate to complete the audit process in time.

All recommendations identified during the previous audit have been addressed.

Description of the company activities [mandatory for all audits]:

The Company activities are confirmed to be related to: Precious metals refining (doré, electronic scraps, sweepings, crucibles) and related chemicals production. The Company declares not to refine Grandfathered materials and only very few (1 case during fiscal year 2015) of mined materials.

The company is also certified ISO 9001 and ISO 14001 standards and is subject to regular and routine audit by third party. Details of these certificates can be found from the company official web site <http://www.chimet.com/it/documents>

Manual adequacy:

It was confirmed that key clauses in LBMA Responsible Gold Guidance are addressed.

Assessment of level of compliance of Refiner's systems, processes, procedures and practices according to the LBMA Responsible Gold Guidance:

Step 1: Establish strong Refiner management systems

The company has developed the LBMA compliance policy regarding due diligence for supply chain of Gold in compliance with LBMA Responsible Gold Guidance. This policy is published in the company web site available to public www.chimet.com.

The policy reviewed on 10/7/2015, provides an overview of the management system governing the due diligence policy for gold supply chain. Trainings for key persons as well as management team are also provided. The refiner has assigned person responsible for the implementation of due diligence, a compliance officer, implemented internal and external communications provisions. The refiner has asked Gold supplying counterparties to commit to and acknowledge in writing compliance with the Refiner's own Gold supply chain policy.

Since the company has provided gold refinery services for more than 15 years, the company has already established a system to register all gold materials received for refinery process. Individual customers and company accounts for domestic or



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foreign suppliers are also established by using individual record books.

A gold supply inventory system is also established to record down the quantity of gold received and also the actual quantity of pure gold after in-coming inspection and testing. The delivery quantity of gold bar is also recorded down in the inventory record book.

The company is testing a new software that will help the supply chain compliance mechanism to store and manage all the informations required related to the Company Policy.

STEP 2: Identify and assess risk in the supply chain

Risk assessment process was established in their Assessment procedure and implemented adequately. Risk assessment for gold suppliers were conducted since the gold supply chain due diligence policy was established.

Risk assessment reporting and results were presented to the top management. The risk assessment procedures are defined as part of the Compliance Officer's tasks and a member of Senior Management, or the CEO himself in case of high risk supplier, is responsible for approving each new supply chain that is assessed.

There is only one high risk transaction of dorè which was adequately managed with the involvement of all the senior management and the CEO himself to reduce all possible risk of non compliance. There are not subcontractors.

Senior Management reviews all supply chains on an annual basis (the last review has been conducted on 16/03/2015 and it is related to the period 01.01.2015 – 31.12.2015) in order to determine whether to continue the business relationship.

There are documented consequences if the risk assessment reporting tasks are not completed and it has been communicated to relevant departments and personnel (sales, customer service, shipping/receiving). If documentation is missing or there is a lack of information, the supplier is rejected.

All objective evidence exhibited during the audit activity are in compliance with provisions.

STEP 3: Design and implement a management strategy to respond to identified risks

Risk mitigation strategy is established formally in Refiner's procedure. Senior Management provides support for this strategy and the responsibility to carry out is clarified. The refiner adopts an improvement strategy for lacking information. They set performance objectives and deadlines to improvement. The advancement in the plan regularly reviewed and communicated to senior management.

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

Chimet SPA has arranged for an independent third party audit for the supply chain due diligence (Bureau Veritas Italia SPA). The last annual third party audit was performed on 20.03.2015.

STEP 5: Report on supply chain due diligence

The Responsible Gold Guidance Policy and the LBMA Summary report is available on the company web site <http://www.chimet.com/it/documents>

ASSESSMENT CONCLUSIONS			
			Non compliance – risk level



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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				
Based on the above assessment conclusions, the overall rating of the Refiner's performance is determined to represent:		X				

Assessment scope:

Refiner location(s) included in the assessment scope

Via dei Laghi, 31/33 Frazione Badia al Pino CIVITELLA VAL DI CHIANA 52041 (AR) – ITALY

Assessment Period

01.01.2015 – 31.12.2015

Assessment methodology:

The Assessment team used a triangulation of findings to evaluate the existence and implementation of appropriate systems at the Refiner, addressing all areas covered by the LBMA Responsible Gold Guidance. Each area of the LBMA Responsible Gold Guidance was verified by documentation review and management/employee interviews, as well as observation during the facility tour.

The evidence of compliance that was reviewed included:

- The following areas of the facility were visited during the tour:
 - Acceptance and raw materials control areas;
 - Internal laboratory;
 - Recovery areas and caveau;
 - Refining areas;
 - Administration offices;
- The following interviews were conducted with management and with employees:
 - CEO;
 - LBMA Compliance officers;
 - Due diligence and risk assessment officers;
 - Gold sourcing dept.;
 - Inventory and material controls;
 - Processing / refining areas

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

No significant or inherent limitations or areas not covered within the assessment scope

Assessment criteria:



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The auditor 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 conclusions. Appropriate evidence is evidence that is relevant and reliable. Sufficient evidence refers to the amount of evidence provided to allow the auditor 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.

Auditor confirms 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: SIMONE OLMO

Signature: Simone Olmo

Date: 12/03/2016
