

LBMA Responsible Gold Guidance - Summary Assessment Report

For third-party audits based on ISO19011:2011.

Prepared for: London Bullion Market Association (LBMA)

Date: 13-16 March 2018

Draft Version 1

ASSESSMENT INFORMATION	
Refiner Name:	Shandong Zhaojin Gold&Silver Refinery Co., Ltd
Refiner Location:	Gold Industrial Zone, Zhaoyuan, Yantai, Shandong, China
Refiner Contact Person: Name, Title: Email: Phone:	Mr. Sun Xiaohui, Deputy Manager of Sourcing Department Email: 155164151@qq.com Tel: +86-535-8166838
Assessment period:	01.01.2017 - 31.12.2017

ASSESSMENT CONCLUSIONS						
CATEGORY	SUBCATEGORY	Compliant	Non compliance – risk level			
			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>	Gold Industrial Zone, Zhaoyuan, Yantai, Shandong, China
<i>Assessment Period</i>	01.01.2017 - 31.12.2017

Assessment methodology:

The Assessment teams 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 documents were reviewed: Refiner's gold supply chain policy, gold supply chain due diligence procedure, gold supplying counterparties' profiles, transaction files, and refinery production records.*
- The following areas of the facility were visited during the tour: Lab, raw material department, material receiving and sampling room, vault, pulverization, chlorination-Leaching, reduction, washing, drying, melting and ingot casting.*
- The following interviews were conducted with management: Vice General Manager, Manager of Sourcing Department, Deputy Manager of Sourcing Department, Regional Manager of Sourcing Department, Supervisor of Production Department, Manager of Quality Department, Supervisor of Quality Department, Manager of Management Department, Supervisor of Finance Department, and Regional Manager of Bank Department.*
- The following interviews with employees were conducted: One female lab analyst, one female material-receiving worker and one male vault keeper.*

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

None

Assessment criteria:

- The auditor or 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*



LBMA

Responsible Gold Programme for the responsible sourcing of gold-bearing materials.

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: 16 March 2018
