



# Summary Report

## **LBMA Responsible Gold Guidance - Summary Assessment Report based on ISO19011:2011**

Agosi, Allgemeine Gold- und Silberscheideanstalt AG

Report date: 07.08.2017

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Prepared for:

London Bullion Market Association (LBMA)

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## Glossary of terms and abbreviations

Abbreviations	
KYC	Know your customer processes for identify and verifying counterparties
KYP	Know your product / processes for material acceptance and monitoring of transactions
RGG	Responsible Gold Guidance (v6)
RJC	Responsible Jewellery Council
RJC CoC	Responsible Jewellery Council Chain of Custody Standard
RJC COP	Responsible Jewellery Council Code of Practices Standard

# 1. Engagement description

The client, Agosi, Allgemeine Gold- und Silberscheideanstalt AG (hereinafter referred to as Agosi), Germany mandated KPMG Cert GmbH Umweltgutachterorganisation by written contract dated 28 March 2017 to conduct a 3rd party audit of their Supply Chain Due Diligence according to the LBMA Responsible Gold Guidance (hereinafter referred to as RGG) and ISO 19011. Qualified Auditors performed the audit of Supply Chain Due Diligence pursuant to the LBMA Responsible Gold Guidance (V6), ISO 19011 and the Third Party Audit Guidance (v3).

This is Agosi's first LBMA RGG Full Assessment Audit. Agosi had previously obtained and maintained LBMA Certification and listing as Good Delivery Refiner through mutual recognition of RJC Chain of Custody certification.

# 2. Preface

In particular, this report contains the assessment scope, methodology, criteria, audit details comments, findings, and conclusions of the Auditors based on the audit and follow up audit.

To guarantee the transparency of the Summary Report, the format and entries are based on the Responsible Gold Guidance (v6) and the reporting template "Appendix 8 – ISO19011 Refiner Summary Report" published by the LBMA in the Third Party Audit Guidance (v3).

This Summary Report is submitted to the London Bullion Market Association (LBMA), in order for Agosi to maintain LBMA Responsible Gold Certification and listing as Good Delivery Refiner.

# 3. Assessment information

Assessment information	
Refiner Name	Agosi, Allgemeine Gold- und Silberscheideanstalt AG
Reference Standard LBMA RGG	ISO 19011:2011

## 4. Refiner information

Refiner information									
Refiner Location(s)	Agosi, Allgemeine Gold- und Silberscheideanstalt AG Kanzlerstraße 17, 75175 Pforzheim								
Refiner Contact Person:									
Name	Mr. Karl-Heinz Flach								
Title:	Director TQM & Services & CoC/ LBMA Compliance Officer								
Email:	karl-heinz.flach(at)agosi.de								
Phone:	+49 (0) 7231 960-294								
Certifications held:	<table border="0"> <tr> <td>RJC COP</td> <td>ISO 50001</td> </tr> <tr> <td>RJC CoC</td> <td>ISO 14001</td> </tr> <tr> <td>LBMA RGG</td> <td>ISO/IEC 17025</td> </tr> <tr> <td>ISO 9001</td> <td></td> </tr> </table>	RJC COP	ISO 50001	RJC CoC	ISO 14001	LBMA RGG	ISO/IEC 17025	ISO 9001	
RJC COP	ISO 50001								
RJC CoC	ISO 14001								
LBMA RGG	ISO/IEC 17025								
ISO 9001									
Refiner details:	Refiner for recycled gold and other precious metals								

## 5. Assessment scope

Refiner location(s) included in the assessment scope	Agosi, Allgemeine Gold- und Silberscheideanstalt AG Kanzlerstraße 17, 75175 Pforzheim
Assessment Period	1 January 2016 – 31 December 2016

## 6. Audit type

Type of audit	Date of Opening Audit	Date of Closing Audit	Audit period (follow up, desktop review, documentation, reporting)	Total no. of Mandatory Days
Full Assessment audit	10.04 2017 (audit kick-off, on-site) 25-26.04 2017 (audit, on-site)	26.04 2017 (on-site)	26.04-15.05.2017 Follow up call 04.05.2017	10 days total: 1 days desktop review & planning 1 day audit kick-off 2 on-site days 3 days review & reporting
Follow up audit	07.2017 (remote)	N/A	19.07. – 07.08.2017 (remote)	2 person days total
Assessment review	2018			N/A
Assessment review	2019			N/A

See Appendix 2 for LBMA RGG audit plan

## 7. Audit team

Audit Team	
Lead Auditor:	Jürgen Engelbach (LBMA accredited lead auditor)
Team Members:	Dr. Marco Wisniewski (LBMA accredited lead auditor)
Trainees:	Mara Zimen, RJC auditor; ISO consultant & auditor, KPMG Corporate Environmental Manager Ashley Sebag, native English speaker, ISO/ Management system consultant and auditor trainee
Engagement Manager	Mara Zimen (see above)
KPMG Independent Quality Reviewer:	Georg Hartmann (Head of KPMG Cert Certification Body)

## 8. Assessment Summary

To achieve compliance with the LBMA RGG (v6) Agosi chose to have a full assessment audit covering the period from 01.01.2016 – 31.12.2016. The audit was performed from April 10 – May 15, 2017. This was the first LBMA third party audit performed at Agosi premises. In previous years Agosi maintained LBMA RGG certification and Good Delivery Listing through mutual recognition of the RJC CoC certification. Agosi refines scrap gold (sources only recycled gold).

Agosi's comprehensive management system and due diligence policies, processes and procedures comply with the requirements of the LBMA RGG. Trainings and additional controls are in place to continuously monitor supply chain due diligence. All Agosi employees interviewed during the audit were cooperative. In 2016, Agosi updated their process for vetting counterparties, to ensure multiple controls and reviews were in place (documentation collected by sales and accounting department and evaluated by the Internal Compliance Officer). In addition, the updated process is now a digital workflow to ensure a seamless and efficient collection, storage and evaluation of all required KYC information for each supplier based primarily on country of origin and materials supplied. However, since the new process and new documentation requirements were implemented in 2016 Agosi has not yet collected the required KYC documentation for each supplier. Therefore, a low and medium non-compliance (LBMA RGG Step 2.2) was detected for incomplete and missing KYC documentation in counterparty dossiers. The medium non-compliance was detected for suppliers Agosi rated as medium risk and low non-compliance was detected for Agosi rated low risk suppliers. A follow up audit was performed to review a sample size of 25 counterparty dossiers for suppliers rated by Agosi as having a medium risk. The follow up audit was performed and completed in July 2017. Reporting was completed in August 2017 All the documents were presented to the auditor and all questions were answered by the Internal Compliance Officer. No non-compliances were detected during the follow up audit.

## 9. Limitations

There were no significant or inherent limitations or areas not covered that were within the assessment scope and follow up audit.

## 10. Assessment methodology

The assessment consisted of collecting and reviewing objective evidence including documentation, employee and top management interviews as well as observations demonstrating that Agosi's management system and supply chain due diligence (KYC and KYP) procedures comply with the LBMA RGG.

The following documents, policies, procedures, reports and ERP snapshots were reviewed by the audit team during the audit period (desktop review, onsite audit and reporting) and serve evidence of compliance with the LBMA RGG standard:

- CFS-Policy
- Management System policies and procedures, Integrated Management System Handbook (ISO 9001, 14001, 50001 RJC COP, RJC CoC, LBMA RGG), Precious Metals Handbook; Organigram, Document control (Lotus Notes), policies regarding human right
- Compliance meeting protocol (held monthly)
- Risk assessment documentation (procedure, supplier ratings including criteria and methodology, documents money laundering prevention process)
- Gold supplier due diligence procedures and corresponding documentation (KYC dossiers, sales and accounting process for vetting, approving and setting up new clients)
- Training documentation and participation lists for due diligence according to RJC/LBMA Responsible Gold Guidance, money-laundering
- Transaction documentation: (supplier) delivery note, pick up slip, date and weight of goods delivered (post and prior to refining), descriptions of goods delivered, lot I.D. number, laboratory assessments (gold content), origin of recycled gold (location of supplier), internal smelting approval and material composition, ERP controls and traceability, RJC CoC transfer documents generated in 2016, customer invoice
- Previous RJC audit reports
- Supplier's declaration
- Management review (draft)

The following departments were visited during the audit

- Precious Metals goods receipt (goods acceptance and controlling)
- Logistics
- Sales
- Vault and sampling station
- Production and manufacturing: smelting and refinery, products and semi-finished products

The following management members attended the opening / closing meeting:

- Mr. Flach (Director TQM & Services, CoC/LBMA Compliance Officer)
- Mr. Oppelt (Manager QM/ EM)
- Mr. Weiß, (Director Sales & Precious Metals Services)
- Ms. Beuchle (Assistant Sales & Precious Metals Services)

Interviews were held with the following employees:

- Mr. Flach (Director TQM & Services, CoC/LBMA Compliance Officer)
- Mr. Weiß (Director Sales & Precious Metals Services)
- Ms. Finkbeiner (Assistant TQM)
- Mr. Rehm (Accounting)
- Mr. Cravack (Director, Refining Material Services)
- Ms. Beuchle (Assistant Sales & Precious Metals Services)
- Mr. Oppelt (Manager QM/ EM)
- Mr. Schweizer (Internal Compliance Officer)
- Mr. Schurr (Precious Metals goods receipt)
- Mr. Boru (Precious Metals goods receipt)



## 11. Assessment criteria

The KPMG Audit team considered and drew conclusions based on all:

- pertinent
- reliable
- objective
- quantitative
- and qualitative

evidence and information provided by Agosi as well as from publically available sources.

Detected actual or potential gaps in Agosi management system that are relevant to the criteria and requirements established by the LBMA were assessed to determine compliance.

## 12. Step 1 - Strong company management systems

Agosi has published their "Supply Chain Due Diligence Policy on Precious Metals" on their website <http://www.agosi.de/unternehmen/download/konfliktfreies-gold/>. The policy defines Agosi's commitment to supply chain due diligence for gold and precious metals as well as the standards that Agosi follows including Annex II of the OECD Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas, U.S. Dodd Frank Act Section 1502, EICC GeSI. Furthermore, the policy names Mr. Flach, the CoC/ LBMA Compliance Officer, as the main contact person for inquiries or grievances regarding the supply chain and provides his contact information.

Agosi has a comprehensive Integrated Management System (IMS) covering LBMA RGG, RJC COP and RJC CoC as well as ISO 9001, ISO 14001, ISO 50001 und ISO 17025. The IMS and its policies and procedures establish the responsibilities, authorities and resources needed to maintain compliance with the LBMA RGG. Relevant documents are preserved and accessible in Lotes Notes for 10 years and allows for sophisticated document management including assigning authors, reviewers, reading, editing and releasing permissions.

Adequate due diligence processes and controls are in place to monitor suppliers and materials including an ERP system with specific user rights and permissions (segregation of duties) to support tracking of material internally throughout processing (lots awarded specific I.D. numbers). All documents that are relevant to the transactions are saved in digital form (and accessible on the ERP).

The goods acceptance and tracking of accepted materials in ERP was demonstrated to the auditors during the on-site visit.

The CoC/LBMA Compliance Officer reports (at least) annually to the CEO in the Management Review. The Internal Compliance Officer regularly (as needed, minimally monthly) reports important due diligence matters to top management during compliance meetings. The Internal Compliance Officer reports all decisions regarding suspending suppliers, monitoring suppliers/materials and returning materials to top management. In critical, sensitive or important cases the members of the compliance team decide together on how to proceed. All decisions and courses of action are recorded in the compliance meeting protocol.

The compliance officers (CoC/LBMA Compliance Officer and Internal Compliance Officer) provide the relevant departments and key personnel with training concerning due diligence in the supply chain KYC

processes, supplier due diligence documentation, supplier acceptance and monitoring, goods acceptance and preventing money laundering, financing of terrorism as well as LBMA and RJC specific trainings.

## 13. Step 2 - Risk identification and assessment in the supply chain

Agosi is refiner for recycled gold material mainly from small-scale jewelry and industrial scrap, semi-finished products and bullion sources (as well as closed loop suppliers). Gold delivered to Agosi in 2016 was primarily (approximately 90%) from suppliers based in the European Union.

This was Agosi's first LBMA RGG assessment (for reporting year 2016). In previous years, Agosi secured and maintained LBMA certification and Good Delivery listing through mutual recognition of RJC CoC audits. To prepare for the audit Agosi, actively updated, designed and implemented processes to cover all LBMA RGG (v6) requirements. The Internal Compliance Officer explained that Agosi first introduced a KYC process for identifying and assessing risks in the supply chain in 2011. Agosi regularly updates and expands the process to cover additional criteria, documentation requirements and CoC requirements.

In 2016, Agosi broadened the comprehensive KYC process for additional documentation requirements. Currently, the process defines obligatory documentation and information needs for different counterparties. The process requires collecting, requesting and verifying the defined information concerning each new counterparty and the materials they intend on delivering. The Internal Compliance Officer reviews, assesses, and rates the counterparty considering the documentation collected and criteria established in the counterparty rating system. The counterparty rating system considers a variety of factors including the type of material, material's country of origin, presence of PEP, money-laundering risk of country, as well as soft criteria such as the Internal Compliance Officer's general impression (e.g. based on supplier's webpage or other publically available sources). The counterparty rating supports Agosi's decision whether to engage in a business relationship with the counterparty. The sales, accounting, compliance departments support this vetting process. Agosi is still actively collecting and uploading the KYC documentation for existing suppliers (prior to 2016) required by their updated process. During the follow up audit 25 of the medium risk (according to Agosi's definition of medium risk counterparties) counterparty dossiers was selected and reviewed to ensure the completeness of the files and due diligence documentation.

All incoming materials are subjected to due diligence procedures. The goods acceptance staff and Internal Compliance Officer consider the supplier's profile and the type of material delivered. If the material is determined to be inconsistent with the supplier's profile or Agosi- accepted material the material is promptly segregated and the Internal Compliance Officer is notified. Delivery notes and other important documentation (weight, date of delivery) is archived for each lot delivered. Other important information is also recorded including, weight (at multiple steps of processing) and laboratory results from samples taken.

## 14. Step 3 - Management strategy to respond to identified risks

Agosi has established a risk mitigation strategy for material or suppliers that do not conform to Agosi's requirements or supplier risk profile or material profile. The Internal Compliance Officer (and when necessary members of the compliance meeting including senior management and CEO) determine the appropriate action to take on a case-by-case basis. These actions may be to accept the material if a plausible explanation is provided, return non-compliant material, when appropriate suspend trade until further information is collected, or to suspend the business relationship indefinitely. Depending on the course of action determined additional monitoring and re-assessment might be required. Decisions and further actions are recorded in the compliance meeting protocols.

## 15. Step 4 - Independent third-party audit of supply chain due diligence

KPMG Cert was contracted by Agosi to perform an audit pursuant to LBMA RGG (v6). The audit was performed in April 2017. A follow up audit was performed from 19.07. – 07.08.2017.

## 16. Step 5 - Report on supply chain due diligence

The refiner will publish the LBMA Summary report directly on the company's website (see link below). In addition, other relevant certifications including RJC & ISO may be found on the Agosi webpage:

<http://www.agosi.de/unternehmen/download/konfliktfreies-gold/> .

## 17. Assessment conclusion

Category	Subcategory	Compliant	Low	Non-compliance – risk level		
				Medium	High	Zero Tolerance
General information						
Step 1	1.1	✓				
	1.2	✓				
	1.3	✓				
	1.4	✓				
	1.5	✓				
Step 2	2.1	✓				
	2.2		✓			
	2.3	✓				
Step 3	3.1	✓				
	3.2	✓				
Step 4	4.1	✓				
Step 5	5.1	✓				
Based on the assessment conclusions, the overall rating of the Refiner's performance is determined to represent			✓			

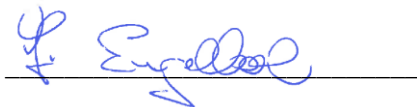
## 18. Follow up audit

A follow up audit was performed remotely from 19 July to 07 August 2017 to review a sample (a total of 25 dossiers was selected) of the counterparty dossiers for medium risk suppliers as specified in the corrective action plan submitted to the LBMA. Non-compliances were not detected during the follow up audit.

## 19. Final conclusion

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.



Jürgen Engelbach

Lead Auditor

Cologne, 07 August 2017

KPMG Cert GmbH – Umweltgutachterorganisation



Dr. Marco Wisniewski

Managing Director

Auditor



ppa.

Mara Zimen

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