

To

Board of Directors  
MMTC-PAMP India Private Limited

#### Independent Reasonable Assurance Report

We are engaged by MMTC-PAMP India Private Limited (Refiner) to provide reasonable assurance on its Refiner's Compliance Report for the year ended 31<sup>st</sup> December 2015.

The assurance scope consists of the Refiner's Compliance Report dated 10<sup>th</sup> February 2016 .

#### Responsibilities

The management of Refiner is responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the LBMA Responsible Gold Guidance (the Guidance). This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the management as relevant for demonstrating compliance with the Guidance are the activities described within the Refiner's Compliance Report. Our responsibility is to carry out a reasonable assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000 'Assurance Engagements other than Audit or Review of Historical Financial Information' issued by the International Auditing and Assurance Standards Board and the guidance set out in the LBMA Responsible Gold Programme - Third Party Audit Guidance for ISAE 3000 Auditors (Audit Guidance).

The report has been prepared for Refiner for the purpose of assisting the management in determining whether Refiner has complied with the Guidance and for no other purpose. Our assurance report is made solely to MMTC-PAMP India Private Limited in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than MMTC-PAMP India Private Limited for our work, or for the conclusions we have reached in the assurance report. For issuing this report, we have also relied on the interoffice conclusion received by us from Ernst & Young SA, Geneva, the LBMA accredited auditors, appointed by MKS (Switzerland) SA, as part of our inter office instructions issued in February 2016 since a significant part of the Gold refined by Refiner transits via MKS (Switzerland) SA.

#### Inherent limitations

Non-financial information, such as that included in the Refiner's Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by refiners to comply with the Guidance may differ. It is important to read the MMTC-PAMP India Private Limited gold supply chain policy available on MMTC-PAMP India Private Limited website ([www.mmtcpamp.com](http://www.mmtcpamp.com)) and MKS (Switzerland) SA's gold supply chain policy available on MKS (Switzerland) SA website ([www.mks.ch](http://www.mks.ch)).



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

## **Independence and competence statement**

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in out in the Audit Guidance to carry out the assurance engagement.

## **Conclusion**

In our opinion, Refiner's Compliance Report of MMTC-PAMP India Private Limited for the year ended 31 December 2015, in all material respects, describes fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein, is in accordance with the requirements of the *LBMA Responsible Gold Guidance*.

For S.R. Batliboi & Co. LLP  
ICAI Firm Registration Number: 301003E  
Chartered Accountants

per Pankaj Chadha  
Partner  
Membership Number: 091813



Place: Gurgaon  
Date: March 29, 2016



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## MMTC-PAMP India LBMA Responsible Gold Guidance Compliance Report

The *LBMA Responsible Gold Guidance* has been established for good delivery Refiners to adopt high standards of due diligence in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict and to comply with high standards of anti-money laundering and combating terrorist financing practices.

**Table 1: Refiner's details**

Refiner's name	MMTC-PAMP India Private Limited
Location	Rozka Meo Industrial Estate, Tehsil Nuh, Distt. Mewat, Haryana – 122103, India
Reporting period	January 1, 2015 – December 31, 2015
Date of Report	February 10, 2016
Senior Management responsible for this report	Rajesh Khosla, Managing Director

Mehdi Barkhordar, Chairman

This report summarizes how MMTC-PAMP India Private Limited ("MMTC-PAMP India") complied with the requirements of the LBMA Responsible Gold Guidance during the year 2015.

### MMTC-PAMP India's evaluation

The following table lists the minimum requirements that must be satisfied by Refiners in accordance with the LBMA Responsible Gold Guidance to demonstrate compliance.

**Table 2: Summary of activities undertaken to demonstrate compliance**

#### Step 1: Establish strong company management systems

##### Compliance Statement with Requirement:

We have fully complied with Step 1 Established strong management systems.

##### MMTC-PAMP India has adopted a policy regarding due diligence for supply chains of gold

##### Comments and Demonstration of Compliance:

Our Responsible Precious Metal Policy is consistent with the model set out in the Annex II of the OECD due diligence guidance. This sets out in particular our responsibility to establish strong company management systems to fight serious abuses of human rights, to avoid contributing to conflict over our supply chain and to comply with high standards of anti-money laundering (AML) and combating the financing of terrorism (CFT), to perform appropriate

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due diligence on a risk basis over our counterparties and precious metal supply chain and to ensure appropriate scrutiny and monitoring of transactions on a risk based approach.

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**MMTC-PAMP India has set up an internal management structure to support supply chain due diligence**

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**Comments and Demonstration of Compliance:**

MMTC-PAMP India has an internal management system to support supply chain due diligence, which includes in particular the definition of role and responsibility, due diligence checklist and toolkit and a robust traceability system database recording each lot refined. Senior Management retains the ultimate control and responsibility for combating human rights abuses, money laundering, terrorist financing and avoiding contribution to conflict over the supply chain. The Compliance Officer has been assigned to manage the process, and has a direct line of reporting to Senior Management.

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**MMTC-PAMP India has established a strong internal system of due diligence, controls and transparency over gold supply chain, including traceability and identification of other supply chain actors**

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**Comments and Demonstration of Compliance:**

MMTC-PAMP India has a robust traceability system database that records supply chain information and documents for each lot refined. Specific and relevant transactional documentation as per our internal guidelines must be received and verified before we process the gold-bearing material.

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**MMTC-PAMP India has strengthened company engagement with gold supplying counterparties, and where possible, assist gold supplying counterparties in building due diligence capabilities**

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**Comments and Demonstration of Compliance:**

Our general terms and conditions for the refining of materials make reference to our Responsible Precious Metal Policy and the Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas.

Where possible, we assist our gold supplying counterparties or prospects to improve their responsible supply chain practices. In particular, all MKS PAMP GROUP's Relationship Managers, who are properly trained, are responsible promoting responsible sourcing practices throughout the supply chain. Therefore, they take advantage of all on site visits to explain the regulatory environment, our expectations and provide them with help or guidance so as to continuously improve their own practices.

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**MMTC-PAMP India has established a company-wide communication mechanism to promote broad based employee participation and risk identification to management**

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**Comments and Demonstration of Compliance:**

The Company has a mechanism allowing any employee, supply chain actor or stakeholder to voice any concerns over the gold supply chain or newly identified risk. The functional mailbox [responsiblepm@mmtcpamp.com](mailto:responsiblepm@mmtcpamp.com) has been established and is reviewed by the Company's Compliance Officer. All relevant enquiries are treated directly by Compliance Department.

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**Step 2: Identify and assess risks in the supply chain**

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**Compliance Statement with Requirement:**

We have fully complied with Step 2 Identify and assess risks in the supply chain.

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**MMTC-PAMP India has a process to identify risks in the supply chain**

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**Comments and Demonstration of Compliance:**

MMTC-PAMP India identifies and assesses risks in the supply chain. We have established our criteria for high-risk categories and systematically apply them to all our precious metal supplying counterparties. We conduct due diligence following a risk-based approach and allocate a risk profile according to our risk profile criteria. This process is a formal requirement before entering into any business relationship with a precious metal supplying counterparty.

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**MMTC-PAMP India assesses risks in light of the standards of their due diligence system**

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**Comments and Demonstration of Compliance:**

Supply chain due diligence following a risk based approach is performed before entering into a business relationship and on an on-going basis with any gold supplying counterpart. We also perform enhanced due diligence for higher risk categories. In addition, we conduct appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship following a risk based approach. We source from recycled and mined gold supply chains. Regarding the mined gold supply chain, we exclusively source from well-established industrial mines located in North America, South America, Africa and Asia and do not work with artisanal mines. With respect to recycled gold, recycled materials represent insignificant part of our gold supply chain (less than 1%).

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**MMTC-PAMP India reports risk assessment to Senior Management**

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**Comments and Demonstration of Compliance:**

Senior Management approves all new suppliers. In addition, Senior Management revisits each year the decision as to whether to continue with these business relationships categorised as high risk. The Compliance Officer prepares a report on high risk suppliers to Senior Management on yearly basis in order for them to perform these duties. Senior Management retains the ultimate control and responsibility for the gold supply chain.

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**Step 3: Design and implement a management system to respond to identified risks**

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**Compliance Statement with Requirement:**

We have fully complied with Step 3 Design and implement a management system to respond to identified risks.

**MMTC-PAMP India has devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade; (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk**

**Comments and Demonstration of Compliance:**

During the reporting period, MMTC PAMP India has properly executed the required strategy to respond to identified risk.

**Where a management strategy of risk mitigation is undertaken, it should include measureable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk, and regular reporting to designated senior management**

**Comments and Demonstration of Compliance:**

The procedure for risk mitigation is described in our adopted group guidance and is strictly applied when and where necessary.

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

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**Compliance Statement with Requirement:**

We have fully complied with Step 4 and have arranged for an independent third-party audit of the supply chain due diligence.

**Comments and Demonstration of Compliance:**

MMTC-PAMP India has engaged the services of the assurance provider S. R. Batliboi & Co. LLP to audit its 2015 Compliance Report, and their independent report will be available on MMTC-PAMP India's website when issued. Previous reports are available on MMTC-PAMP's website as well.

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**Step 5: Report on supply chain due diligence**

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**Compliance Statement with Requirement:**

We have fully complied with Step 5 Report on supply chain due diligence

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**Comments and Demonstration of Compliance:**

Our Responsible Precious Metals Policy is available on MMTC-PAMP India's website. Our 2015 Compliance report with the independent audit report will be available on MMTC-PAMP's website when issued. Previous years Compliance reports with audit reports are as well available on our website.

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**MMTC-PAMP India's overall conclusion**

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**Table 3: Management conclusion**

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**Is the Refiner in compliance with the requirements of the LBMA Responsible Gold Guidance for the reporting period?**

**Yes**

In conclusion, MMTC-PAMP India has in place effective management systems, procedures, processes and practices to conform to the requirements of the *LBMA Responsible Gold Guidance*, as explained above in Table 2, for the reporting period, January 1, 2015 – December 31, 2015.

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**Table 4: Other report comments**

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If users of this report wish to provide any feedback to MMTC-PAMP India with respect to this report, they can send an e-mail to the functional mail box: [responsiblepm@mmtcpamp.com](mailto:responsiblepm@mmtcpamp.com)

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