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MMTC - PAMP INDIA PRIVATE LIMITED  
Attn. Mr. Arjun Raychaudhuri  
Rojka Meo Industrial Estate Tehsil Nuh  
District Mewat Sohna  
HR 122103 India

Geneva, 29 March 2019

## **Independent Reasonable Assurance Report to MMTC-PAMP INDIA PRIVATE LIMITED**

### **General information**

We were engaged by MMTC - PAMP INDIA PRIVATE LIMITED ("MMTC-PAMP") to provide reasonable assurance on its Refiner's Compliance Report for the year ended 31 December 2018. MMTC-PAMP has also decided to voluntarily apply the requirement of the LBMA Responsible Gold Guidance to all precious metals sourced. The assurance scope consists of the Refiner's Compliance Report.

### **Management's responsibilities**

The management of MMTC-PAMP is responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the LBMA Responsible Gold and Silver 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 responsibilities**

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 Audits or Reviews 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 (v.3) of 1 September 2017 ("**Audit Guidance**").

This report has been prepared for MMTC-PAMP for the purpose of assisting the management in determining whether MMTC-PAMP has complied with the Guidance and for no other purpose. Our assurance report is made solely to MMTC-PAMP in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than MMTC-PAMP for our work, or for the conclusions we have reached in the assurance report.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about the fairness of the Refiner's Compliance Report. The fact that management's overall conclusion has been drawn in accordance with the requirements of the LBMA Responsible Gold and Silver Guidance and the Audit Guidance. The nature, timing and extent of procedures selected depend on our judgment, including the risk of material misstatements, whether due to fraud or error, in the Refiner's Compliance Report. In making those risk assessments we considered internal control relevant to MMTC-PAMP's preparation of the Refiner's Compliance Report. A reasonable assurance engagement also includes:

- ▶ Walkthrough refiner's due diligence process to gain an understanding of implemented controls and procedures;
- ▶ Discussion with refiner's management, compliance and operations team on the content of the report and various supply chain due diligence processes in place;
- ▶ Site visits to the refinery to evaluate if the management system is in place as described in the compliance report;
- ▶ During site visits we have interviewed personnel that are directly linked with either sourcing, processing or storing the Precious Metal;
- ▶ Testing, on a sample basis, of account opening procedures and due diligence conducted before engaging with a potential gold or silver supplying counterparty;
- ▶ Testing, on a sample basis, of transactions to evaluate if due diligence processes are being followed;
- ▶ Review of whether systems used for registering, adapting, aggregating and reporting are satisfactory;
- ▶ Obtaining and considering evidence to support the assertions and claims made in the Refiner's Compliance Report;
- ▶ Review the statements made by the management in the Refiner's Compliance Report as compared to the findings arising from the above procedures performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We refer to the fact that the Refiner's Compliance Report subject to our assurance engagement comprises the Annex "Countries of origin of precious metals". In accordance with the LBMA Responsible Gold and Silver Guidance and the treatment of the Annex detailing the countries of origin of precious metals has to be submitted to the LBMA Executive only and does not need to be disclosed publicly.

### **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's gold supply chain policy available on MMTC-PAMP's website ([www.mmtcpamp.com/reports](http://www.mmtcpamp.com/reports)).

### **Independence and competency 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, the MMTC-PAMP's Refiner's Compliance Report for the year ended 31 December 2018, 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 and Silver Guidance.

Ernst & Young Ltd

Milena De Simone  
Partner

Stéphane Muller  
Partner

**Enclosure:** Compliance Report dated 27 February 2019



Corporate Office :

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## MMTC-PAMP LBMA Responsible Gold Guidance Compliance Report

The *LBMA Responsible Gold and Silver Guidances* have 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 practice.

As fighting serious abuses of human rights, avoiding contribution to conflict over its supply chain and complying with high standards of anti-money laundering (AML) and combating terrorist financing (CFT) are central tenets of the MKS PAMP Group BV's operating procedures, the MKS PAMP Group, which operates two refineries among its entities, decided to lead by example and voluntarily implement the *LBMA Responsible Gold and Silver Guidances* to other group companies around the world which are involved in the precious metals business in addition to its refineries and to apply as well the requirements not only to gold and silver sourcing but to all other precious metals sourced.

As a result, all precious metals feedstock sourced and refined by MMTC-PAMP comply fully with the LBMA Responsible Gold and Silver Guidances requirements. MMTC-PAMP has decided voluntary to include in the scope of the audit, all other precious metals supply chain.

**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 year-end	December 31, 2018
Precious metals in the scope of the LBMA Responsible Gold Guidance audit	Gold, Silver
Date of Report	February 27, 2019
Senior Management responsible for this report	Arjun Raychaudhuri, Managing Director

Mehdi Barkhordar, Chairman

This report summarizes how MMTC-PAMP India Private Limited ("MMTC-PAMP") complied with the requirements of the LBMA Responsible Gold and Silver Guidances during the year 2018 for all type of precious metals sourced. MMTC-PAMP applied the version 7 of Guidance, issued in September 2017.

### MMTC-PAMP'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.

Regd. Office & Works :

Rojka-meo Industrial Estate | Distt. Nuh  
Haryana 122 103 | India 122103 | India

T +91 124 2868 000 | F +91 124 2868 099



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

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

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**Compliance Statement with Requirement:**

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

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**MMTC-PAMP has adopted a policy regarding due diligence for precious metals supply chains**

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**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 of terrorism (CFT), to perform appropriate 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 has set up an internal management structure to support supply chain due diligence**

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**Comments and Demonstration of Compliance:**

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

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**Comments and Demonstration of Compliance:**

MMTC-PAMP 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 precious metals.

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

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**Comments and Demonstration of Compliance:**

We believe in long term relationships based on trust and mutual recognition, and therefore, value and encourage such relationships.

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 precious metals supplying counterparties or prospects to improve their responsible supply chain practices. In particular, our MKS PAMP Group's Relationship Managers, who are properly trained, are responsible for 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.

In order to improve the practice as well of the industry, our Group has shared with the LBMA our on-site visit report template to help refiners perform robust compliance checks during their on-site visits, and not limit themselves only to commercial discussions. This toolkit is mandatory as per the version 7 of the Responsible Gold Guidance.

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**MMTC-PAMP 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 precious metals 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 the 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 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 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 precious metals supplying counterparty. 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 source primarily from well-established industrial mines located in North America, South America, Africa, Asia and Oceania. For the year under review, we have not sourced from artisanal mines. With respect to recycled metal, recycled materials represent insignificant part of our gold supply chain.

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

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**Compliance Statement with Requirement:**

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

In addition, the Compliance Officer prepares each year a risk assessment, which are approved by the Board of Directors

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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

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**MMTC-PAMP 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 has properly executed the required strategy to respond to the identified risks

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

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**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 not only on our gold and silver supply chain due diligence, but as well on all other precious metals supply chains.

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**Comments and Demonstration of Compliance:**

MMTC-PAMP has engaged the services of the assurance provider Ernst & Young Limited, Switzerland to review our 2018 Compliance Report, and their independent report will be available on MMTC-PAMP'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's website. Our 2018 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'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 and Silver Guidances* for the reporting period?**

Yes	In conclusion, MMTC-PAMP has in place effective management systems, procedures, processes and practices to conform to the requirements of the <i>LBMA Responsible Gold and Silver Guidances</i> for all its precious metals supply chain, as explained above in Table 2, for the reporting year ended 31 December 2018.
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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: [responsibleprm@mmtcpamp.com](mailto:responsibleprm@mmtcpamp.com)

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