

LBMA Responsible Gold Guidance - Summary Assessment Report

For third-party audits based on ISO19011:2011.

Prepared for: London Bullion Market Association (LBMA)
Date: 16th February 2018
Draft Version 1

ASSESSMENT INFORMATION	
Refiner Name:	Heimerle + Meule GmbH
Refiner Location:	Location 1: Pforzheim, Germany, as follows: - Headquarters: Dennigstraße 16, 75179- Pforzheim, Germany; - Warehouse: Dennigstraße 8, 75179- Pforzheim, Germany; - Site: Am Mühlkanal 3, 75172- Pforzheim, Germany Location 2: Vienna, Austria Pelzgasse 18, 1150 Vienna, Austria
Refiner Contact Person: Name, Title: Email: Phone:	Monika, Bakula - Business Organization and Quality Management Monika.bakula@heimerlemeule.com ; +49.7231.940.2184
Assessment period:	01.01.2017 to 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	✓				
	1.2:	✓				
	1.3	✓				
	1.4	✓				
	1.5	✓				
Step 2: Identify and assess risk in the supply chain	2.1	✓				
	2.2			✓		
	2.3	✓				
Step 3: Design and implement a management strategy to respond to identified risks	3.1	✓				
	3.2	✓				



Step 4: Arrange for an independent third-party audit of the supply chain due diligence	4.1	✓				
Step 5: Report on supply chain due diligence	5.1	✓				

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

Assessment scope:	
<i>Refiner location(s) included in the assessment scope</i>	Location 1: Pforzheim, Germany, as follows:- Headquarters: Dennigstraße 16, 75179-Pforzheim, Germany;- Warehouse: Dennigstraße 8, 75179- Pforzheim, Germany;- Site: Am Mühlkanal 3, 75172- Pforzheim, Germany; Location 2: Vienna, Austria: Pelzgasse 18, 1150 Vienna, Austria
<i>Assessment Period</i>	01.01.2017 to 31.12.2017
Assessment methodology:	
<p>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.</p> <p>The evidence of compliance that was reviewed included:</p> <ul style="list-style-type: none"> <i>The following areas of the facility were visited during the tour:</i> <p>Location 1-Pforzheim, Germany: Metal office (Vault), Individual deliveries counter, Casting & Melting Department, Refinery, Shop floor (production of Semi-Finished Products), Laboratory, Industrial Scrap and Storage warehouse, Ash Burning and Chemicals processing site.</p> <p>Location 2- Vienna, Austria: Office and Individual deliveries counter, Vault, Melting department, Laboratory</p> <ul style="list-style-type: none"> <i>The following interviews were conducted with management:</i> <p>Location 1- Pforzheim, Germany: Managing Director Corporate Financial and Due Diligence Officer / Senior Manager Quality Manager Division Manager Production Business Organization and Quality Management Recycling Material Manager / Responsible Gold Officer Compliance, Money Laundering and Contract Manager Laboratory and Production Manager</p> <p>Location 2- Vienna, Austria:</p>	

Manager Branch Vienna

- *The following interviews with employees were conducted:*

Location 1- Pforzheim, Germany:

Physical reception of materials
Refining
Laboratory and assaying
Supplier and Customer validation
Supplier and Customer Due Diligence
Finance

Location 2- Vienna, Austria:

Physical reception of materials
Laboratory and assaying
Supplier and Customer Due Diligence

- *The following documentation was reviewed:*

The documentary evidence reviewed for compliance includes: LIS (Line Item Summary) and related documents for the sampled transactions (including intra-company transfers), Business partners documentation (Supplier files), Refiner's policies, procedures and associated records covering the LBMA RGG aspects of compliance.
In total, 50 transactions were reviewed which comprise of 40 transactions for Pforzheim and 10 transactions for the Vienna branch.
For the supplier files, 14 were reviewed in Pforzheim and 6 were reviewed in Vienna.

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

There were no significant or inherent limitations or areas not covered within the assessment scope based on the LBMA audit guidelines. Some exceptions were nonetheless noticed:

1. It is noted that 'high risk' transactions and files were selected as per what it is currently displayed in the Compliance Catalyst software system used by the refiner for their supplier risk assessment. However, it does not cover One Time Customers. As per management statement, only business transactions with low risk are carried out for One Time Customers.
2. Excluded materials, such as furnace or flue dust, spent crucibles and floor sweepings, or residue cell slimes from refining of other metals, were included in the refiner's transaction declarations and their suppliers were included in the Due Diligence process
3. Based on the refiner reported risk assessment, a complete due diligence is not carried out for transactions with limited growth weight and precious metal content such as small amounts of dental gold sold from private customers (up to 20 grams delivery weight) for the purpose of refining. The refiner has identified these materials as being very low risk. The refiner is invited to seek further clarification from LBMA regarding excluding materials assessed as low risk
4. No shipping documents are maintained for fine gold bars and alloys ordered from refiners listed as authorized suppliers and customer returns as those are not received for the purpose of refining. In the refiner's point of view this is not necessary and therefore not practiced. It is auditors understanding that shipping documents shall be obtained for any gold input. The refiner is invited to seek clarification from the LBMA before conducting the next audit.

Assessment criteria:

The 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 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 Responsible Gold Program 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: Katharina Joecks

Signature: (on file)

Date: 16th February 2018
