

## **Umicore Precious Metals Thailand (UPMT) Supply Chain Security Guideline**

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### **1.0 Purpose**

This document provides guidance to the Umicore Precious Metals (Thailand) Ltd. on the validation of business partners. The respective measures are also referred to as business partner screening (BPS) or anti-money laundering (AML) measures, and need to be applied before taking up business with potential partners.

This guideline is based upon the core values, code of conduct and business ethics of Umicore and is a minimum requirement regarding AML measures. It does not substitute local legal requirements if those are stricter. It is valid in addition to relevant Umicore regulation.

The main objective of business partner screening (BPS) is to avoid legal, financial, or reputational risk such as:

- Participation in VAT carousels,
- Money laundering schemes,
- Accepting conflict minerals,
- Illicit traffic of stolen materials,
- Treatment of waste streams in breach of law and regulations,
- Conflicts of interest,
- Doing business with PEP (Political exposed persons),
- Treatment of materials with a doubtful origin.

Business Partner screening (BPS) is based upon a process of gathering information from a range of trusted sources in order to better understand the nature of prospective or actual business partners and to manage the inherent risks.

### **2.0 General Principles**

#### **2.1 Scope**

The business partner screening (BPS) is composed of

- Material screening (know your material)
- Collection of chain of custody documentation (know your transaction)
- Screening of business partners (know your customer)

#### **2.2 Measures**

Business partner screening (BPS) shall comprise:

- Reviewing the chemical composition of the offered material; focus on conflict minerals and stolen materials (Know your material);
- Gaining information about the origin of the material;

- Retrieving the following identification documents (this is a minimum requirement, national legislation might require more IDs):
  - Non-cash and long-distance transactions: For legal entities a certificate of registration and for natural persons/sole proprietorship also a copy of the passport / ID card.
  - Cash over-the-counter-transactions: identification of the natural person/sole proprietorship (ID card/passport) if the amount traded exceeds the threshold of TEUR 10 p.s. either in one amount or in a series of transactions. If necessary, verification of the authorized person in case the beneficial owner is not present. Legal entities should be verified beforehand when accepting cash payments. In general this should be an exception.
- Visiting the facilities of the business partner (where possible and economically justifiable);
- Identifying the beneficial owner and taking risk-based and adequate measures to verify his identity and to understand the ownership and control structure of the customer;
- Obtaining information on the purpose and intended nature of the business relationship;
- Ongoing monitoring of the business relationship and transactions; special attention to complex or unusually large transactions and all unusual patterns of transactions which have no apparent economic or visible lawful purpose.
- Ensuring that all payments are carried out via an account opened in the business partner's name with a reputable financial institution. Exceptions are possible, depending on the history of the business model and the perceived risk. These exceptions need to be approved by the jour fix committee and record maintain;
- Repeated screening of the existing business partners against official sanction lists (e.g. via World Check).

### **2.3 Record keeping**

All relevant records and documentation concerning accepted and rejected business partners should be kept on file for at least 5 years. This may include (but is not limited to) D&B reports (or equivalent reports of status enquiry agencies), VAT validity reports, World Check reports or equivalent, identification data, correspondence, visit reports, scoring templates and evaluations by the compliance officer.

### **2.4 Chain of custody documentation**

The origin of material needs to be clarified and documented either by the person of contact or by the business partner in writing (e.g. e-mail, letter) and archived. It must be confirmed that the delivered material is a conflict free mineral.

### 3.0 Screening of Business Partners

#### General

Background checks need to be performed on new and existing suppliers, customers and business partners to identify any issues that could damage the reputation and integrity of Umicore and/ or could represent an unacceptable risk to the business.

The following companies are exempt from the screening:

- Companies listed on the stock exchange from EU member states and the USA;
- Listed companies from third countries which are subject to disclosure requirements consistent with EU legislation.

#### 3.1 Screening of New business partners

The screening of potential business partners is subject to a risk based approach based on due diligence and sources of material. It should be performed by the commercial department and should be based on a Know your business partner scheme.

#### **Steps of screening business partners**

The steps of screening, Sale and Marketing department should:

- 1) Provide all necessary information of proposed business partner by using QF SGE 001 – Customer Information and request the required documents i.e. Affidavit, Business license / permit, management passport (in case of foreigner shareholder/management), etc.
- 2) Review all information based on risk based approach of Due Diligence.

For the “**refining business partners**”, the further screening steps should be done as item 3) – 6) below.

- 3) To visit the customer’s company to verify and assess on performance according to Due Diligence and KYC policy and procedure by using QF SGE 007 - Due Diligence Questionnaire as the guideline.

Example: verify the location of the site same as shown in related document (license/permit/affidavit), kind of business with active production / activity, type of material, production capacity, reliable of business, conformance on environment, safety and human right standard, security, etc.

- 4) For aboard counterparty, the additional steps as Business Partner Screening (BPS) Scoring Template should be done for further verification (as shown in below topic)
- 5) To communicate and discuss on the UPMT’s supply chain due diligence policy and procedure including related requirements to business partner.
- 6) After finished the verification step. All information and documents related to the business partner screening including the result with necessary action (if required) will be prepared and sent to managing director for final verification and taking the decision.
- 7) Sales and Marketing department will prepare the QF SGE 001 – Customer information and related documents of approved counterparty to Financial Department to register in the FoxPro Program.

*Note : In case of supplier who provided precious metals, the step of screening on Due Diligence will be the one topic in the supplier selection process as QP GEN 009 - Purchasing Procedure.*

- 8) Financial Department return all documents back to sale administrator to keep in the document file.
- 9) Sales and Marketing department update the counterparty information in “List of customers”.

- 10) In case of the action to respond to the risk is defined, Sale and Marketing departments should follow up and keep on monitoring as planned.

**Additional steps for abroad counterparty (both of import material and export product)**

UPMT will only import material and export product in line with the QM GEN 003 - Umicore Precious Metals Thailand (UPMT) - Supply Chain Due Diligence Policy on Precious Metals. If there are doubts in the supply chain Umicore Precious Metals Thailand will stay away from the business. The regulations for the import of material are aligned with set forth of Due Diligence by the RJC, RMI (as CFSI), LBMA and OECD Due Diligence.

In case material should be imported from or export product to other than local. Umicore Precious Metals Thailand will find the evidence that allows to import / export of the respective material/product.

The QF SGE 006 – Business Partner Screening (BPS) Scoring Template will be used for identify, verify and assess the risk. The required necessary information and action to respond need to be defined to respond with the identified risk.

The decision for taking up / continuing such a business relationship with high risk and ultrahigh risk countries needs to be taken by the managing director and compliance officer who have veto right. If the due diligence still remains unsatisfactory Umicore Precious Metals Thailand will stay away from the business.

***The Business Partner Screening (BPS) Scoring Template***

The QF SGE 006 - Business Partner Screening (BPS) Scoring Template will be applied for abroad counterparty in line of both of refining and PM trade business.

The risk evaluation is based upon the following criteria and can be expanded to meet additional local legal regulation.

**(1) Validity of the VAT number**

Entities with and invalid VAT number are banned from doing business with Umicore.

*Note: For non-EU companies refer to the company status mentioned in a D&B report or equivalent.*

**(2) Identification data of the company**

The validity and coherence of the provided address(es), phone numbers and other contact details should be checked. E.G. company that only provides a mobile phone number is highly suspicious.

**(3) Country of resident / activity**

Appendix 2 provides and overview of the associated risk per country.

**(4) Country of scrap origin**

To identify the country where the scrap material is coming from.

**(5) Date of incorporation**

Recently incorporated companies have a higher risk profile than companies with a long trading history. The risk decrease overtime: more than 3 years ago, less than 3 years ago, less than 1 year ago

**(6) Significant changes in name, address, management and/or activity**

The risk decreases over time: more than 3 years ago, less than 3 years ago, less than 1 year ago

**(7) Kind of business**

Here we differentiate between manufacturing and non-manufacturing companies.

Manufacturing industries have a lower risk than merely trading companies (non-manufacturing).

**(8) Number of employees**

Sole traders have a higher risk profile than entities with more employees.

**(9) Kind of incoming scrap**

The incoming material received need to be assessed. The type of incoming material need to be in line with their product or production process.

If the shape of the original scrap material can still be recognized the scoring (and therefore the associated risk) is lower than if it is melted down to a bar.

**(10) Check on internet (e.g. via company website, google, street view)**

Here the data disclosed on the internet need to be reviewed.

**(11) World Check (sanction lists, AML, PEP)**

The company name and the beneficial owner(s) need to be checked via sanctions lists and against the BU black list.

*Note: For local counterparty who have foreigner shareholder/management, the world check should be considered.*

**(12) Own impression**

The scoring should be based upon hits of "red flags / warning sign" in appendix1.

**Evaluation of the score:**

- Potential business partners with a **score below 15 points** are considered low risk and as consequence transactions are permitted.
- A **score between 15 and below 20 points** indicated a medium risk. A possible business relationship has to be decided by the managing director of the entity.
- A **score of 20 points or more** represents a high risk. The decision for taking up / continuing such a business relationship needs to be taken by the managing director and compliance officer who have veto right. Required necessary action need to be defined for the ongoing evaluation and mitigation of risk. Further a copy of the scoring matrix including filed documents have to be forwarded to the BU compliance officer or BU AML officer.

**Note:**

- *The additional criteria and necessary action required will be defined in QF SGE 006 - Business Partner Screening (BPS) Scoring Template .*
- *Any failure to comply or any information which may rise suspicion and could not be clarified leads to a ban of doing business.*
- *For mining, we consider mines as business partners with potentially higher risks of conflicting activities towards the standards set forth of Due Diligence by the RJC, RMI (as CFSI), LBMA and OECD Due Diligence. The decision to cooperate with mines need a written confirmation of the MD to be discussed and in presence of the compliance officer who has a veto right. The responsible persons should visit the mine before taking final decisions where possible and economically justifiable.*

- For Business Unit of Electroplating (EP), the 'Sanction Countries trade compliance declaration' is used for applied for reference.
- See example of Adverse impacts and appropriate response (base on the OECD Guidance) in Annex III

### 3.2 Screening of existing business partners

Existing business relationships should be subject to ongoing monitoring, including scrutiny of transactions. Special attention is required for complex or unusually large transactions, for unusual patterns of transactions which have no apparent economic or visible lawful purpose, and for important changes in portfolio (e.g. volume changes, changes in the type of material, changes of form of material or change of frequency of transaction).

Existing business partners should be subjected to an automated screening. This can be done on a risk based approach. The existing business partners should be screened against:

- Governmental blacklists and sanction lists e.g. via world check or equivalent;
- Verification of the validity of the VAT-numbers;
- BU JIM Blacklist

Approval of a business partner is valid for three (3) years and should be timely renewed with the re-verification of source of material. However certain events will require immediate a review of the validation/screening.

These events are:

- Important changes in shareholder structure, management and/or country of residence;
- Change of bank and/or of bank account;
- When there is a suspicion of money laundering or criminal activities;
- When there are doubts about the veracity or adequacy of previously obtained customer identification data.

**Reference document :** QP SGE 001 – Handling Customer Procedure

### 4.0 Verification and confirm source of material

After completed the business partner screening step, Sale and Marketing department should verify the source of material which will be sent to UPMT as the following steps.

- 1) To discuss on kind of business, production capacity, type of material and estimated quantities which will sent to refine at UPMT.
- 2) To verify source of material (at the beginning of business and on-going)
  - Recycled material
  - Mined material (see step to confirm for mined material as additional information below)
  - Grandfather material
- 3) To explain the scope of UPMT supply chain procedure to make counterparty understand and request the confirmation letter from the counterparty to confirm source of material.
- 4) To verify the information and confirm for "Eligible" of the material by referring to the standard guidance.

- 5) The name of customer who completed the source of material confirmation step will be sent to Financial Department to update "CoC" in the FoxPro Program.

**Note**

**Definition by type of material and information need to determine the origin**

Source	Type of material		Information needed in determining origin
	Gold/PGM	Silver	
<b>Mined</b>	Gold/PGM that comes from mines and has never been refined.	<p>The origin is the mine itself, whether artisanal and small-scale mine or medium or large-scale mine.</p> <p>An exception to this is Mining By-product, such as silver obtained from mining of based metals – minerals outside of the scope of this Guidance.</p>	Miners and refiners shall identify the country and mine of origin.
<b>Mining by-product</b>	Gold/PGM from processing residues (such as slimes) arising from metallurgical processing of other metal such as copper, lead, zinc or nickel.	<p>Silver that is produced from other base metal mining, for example from lead, zinc, copper ore, in which silver may be a trace constitute.</p> <p>When silver is a by-product, the other more important metal is processed and refined first, and the silver is then extracted and refined from the final residue of the primary metal, such as a leach residues from zinc ore or copper electrolytic cell slime or lead anode cleaning slimes.</p>	The origin of Mining-By product silver should be deemed to be the point at which trace silver is first separated from its parent mineral ore (for example the refinery).
<b>Recycled</b>	Gold/PGM that has been previously refined such as end-user, post-consumer gold-bearing products, and scrap waste metals and materials arising during refining and product manufacturing, which is returned to a refiner or other downstream intermediate processor to begin a new life cycle as recycled gold/PGM.	<p>Silver that has been previously refined. In practical terms, recyclable material includes end-user, post-consumer products, scrap and waste metals, and materials arising during refining and product manufacturing, and investment silver and silver-bearing products. This is category may also include fully refined silver that has been fabricated into grain, good delivery bars, medallions and coins that have previously been sold by a refinery to manufacturer, bank or consumer market, and that may thereafter need to be returned to a refinery to reclaim their financial value.</p>	<p>Refiner members shall confirm that the material received is recycled material and shall obtain sufficient information to reasonably exclude false representations made to hide the origin of newly mined gold in recycled gold supply chains.</p> <p>The origin of recycled silver is considered to point in the silver supply chain from where the silver return to the refiner. For silver bars the Refiner name should also be available.</p>

Source	Type of material		Information needed in determining origin
	Gold/PGM	Silver	
<b>Grandfathered stock</b>	Refined gold/PGM with a verifiable date of production prior to 1 January 2012.	Silver investment products (ingots, bars, coins and grain in sealed containers) held in bullion bank vaults, central bank vaults, exchange and refineries, with a verifiable date prior to 1 January 2018, will not require a determination of origin. This include stocks held by 3 <sup>rd</sup> party on behalf of the listed entities.	Origin determination is not required unless there is reasonable evidence to suspect the authenticity of the grandfathered status of the material.

## 5.0 Responsibility

### 5.1 Managing Director

The entity's managing director takes the full responsibility for the correct execution of this guideline.

### 5.2 Compliance Officer

The Compliance Officer is in charge of setting up and amending this policy and will be the first contact person in case of queries in respect of the business partner screening. The compliance officer has to report immediately all suspicious activities to the managing director in order implement the necessary actions.

### 5.3 Business Unit Anti-money laundering Officer (BU AML Officer)

The BU AML Officer is in charge of setting up and amending the BU JIM Supply Chain Security policy. He/she is the contact person in case of the evaluation result from business partner screening shown in high risk level. He/she is allowed to conduct audits on the premises of the BU entities.

### 5.4 Business Unit (BU) CoC / LBMA Compliance Officer

The BU CoC / LBMA compliance Officer is in charge of communicate and support all related sustainable standard and compliance topic/issue.

## **6.0 Appendix 1: Examples of warning signs (“red flags”)**

### **6.1 General**

- Companies or individuals with a doubtful past and/or reputation
- Lack of established place of business, or offices in an unusual location or high-risk jurisdiction
- Use of companies without any apparent legitimate fiscal, legal or commercial reason
- Multiple changes in name and/or address
- Use of PO Box
- Director involved in bankruptcy
- Director living in another country
- Director with unusually high number of mandates
- Director with criminal history
- Involvement of politically exposed persons
- Unusually complex corporate / organizational structure
- Undisclosed beneficiary shareholders
- Refusal to identify beneficial owners or controlling interests in cases where this would be commercially expected
- Involvement of third parties in transactions
- Significant credit risk and/or weak financial structure
- No activity / dormant company or recently reactivated company
- Directors from sensitive ethnical origin
- Frequent changes of mandates
- Commercial judgments and liens
- No or incomplete filing of annual accounts
- Offshore or shell company
- Financial transactions via a shell bank
- Seeking anonymity by conducting ordinary business through accountants, lawyers or other intermediaries (agents, business consultants)
- Invalid phone number and/or fax number
- Unusual requests / lack of commercial insight
- Use of non-bank financial institutions for no apparent legitimate business purpose
- Frequent and unexplained changes in bank accounts or accounting personnel
- Cash payments / diverging payments
- Lack of knowledge of the industry
- Existing customer trading via a new or other company

## 6.2 Incoming goods

- Stolen goods and “at risk” material
- Proposition not in line with market expectations
- The specific goods are normally not bought from or sold to this type of company
- Alerts from within the industry
- Origin of the material and location of the offering company

## 6.3 Outgoing goods

- Delivery address differs from administrative address
- New orders are placed before payment of the first shipment
- Non-transparent end-use of the product
- The capabilities of the product do not fit the buyer's line of business
- A freight forwarding firm is listed as the product's final destination
- The shipping route is abnormal for the product and destination
- Packaging is inconsistent with the stated method of shipment or destination

## 6.4 List of OECD red flags (reference from OECD Guidance, Gold Supplement)

Type of red flag	Description of red flags
Location of gold/PGM origin and transit	The gold/PGM originates from or has been transported through a CAHRA.
	The gold/PGM is claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of gold/PGM (that is, the declared volumes of gold/PGM from that country are out of keeping with its known reserves or expected production levels).
	The gold/PGM is claimed to originate from a country through which gold/PGM from CAHRAs is known or reasonably suspected to transit.
	The gold/PGM is claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold from CAHRAs is known or reasonably suspected to transit.
Supplier red flags	Supplier or other known upstream companies operate in one of the above mentioned red flag locations of gold/PGM origin and transit, or have shareholder or other interests in suppliers of gold/PGM from one of the above-mentioned red flag locations of gold/PGM origin and transit.
	Supplier or other known upstream companies are known to have sources gold/PGM from a red flag location of gold/PGM origin and transit in the last 12 months.

Type of red flag	Description of red flags
Red flag circumstances	Anomalies or unusual circumstances are identified through the information collected in OECD Step1, which give rise to a reasonable suspicion that the gold may contribute to conflict or serious abuses associated with the extraction, transport or trade of gold/PGM.

### 6.5 E-waste supply chain red flags

Type of red flag	
Locations of material origin and transit	The material originates from or has been transported through an area where informal e-waste recycling is common.
Supplier red flags	Supplier or other known upstream companies operate in a location where informal e-waste recycling is common.
	Supplier or other known upstream companies are known to have sourced material from an area where informal e-waste recycling is common

## 7.0 Appendix 2: Country risks

Low Risk Countries	Medium Risk Countries	High Risk Countries
AUSTRALIA AUSTRIA BELGIUM CANADA CZECH REPUBLIC DENMARK FINLAND FRANCE GERMANY GREECE GREENLAND HUNGARY ICELAND IRELAND ITALY JAPAN KOREA, REPUBLIC OF KUWAIT NETHERLANDS NEW ZEALAND NORWAY PORTUGAL SPAIN SWEDEN THAILAND UNITED KINGDOM UNITED STATES	ALGERIA ARGENTINA BOSNIA AND HERZEGOVINA BRAZIL BULGARIA CAMBODIA CHINA CROATIA ESTONIA HONG KONG LATVIA LITHUANIA LUXEMBOURG MACEDONIA MEXICO MICRONESIA MONGOLIA MONTENEGRO MONTSERRAT OMAN POLAND QATAR ROMANIA SAUDI ARABIA SERBIA SINGAPORE SLOVAKIA SLOVENIA SOUTH AFRICA SWITZERLAND TAIWAN, PROVINCE OF CHINA TURKEY ZIMBABWE	ÅLAND ISLANDS AMERICAN SAMOA ANDORRA ANGUILLA ANTARCTICA ANTIGUA AND BARBUDA ARMENIA ARUBA AZERBAIJAN BAHAMAS BAHRAIN BANGLADESH BARBADOS BELARUS BELIZE BENIN BHUTAN BOLIVIA BOTSWANA BOUVET ISLAND BRUNEI DARUSSALAM BURKINA FASO CAMEROON CAPE VERDE CAYMAN ISLANDS CHAD CHILE CHRISTMAS ISLAND COCOS (KEELING) ISLANDS COLOMBIA COMOROS COOK ISLANDS COSTA RICA CÔTE D'IVOIRE CUBA CYPRUS DJIBOUTI DOMINICA DOMINICAN REPUBLIC ECUADOR EGYPT EL SALVADOR EQUATORIAL GUINEA FALKLAND ISLANDS (MALVINAS) FAROE ISLANDS FIJI FRENCH GUIANA FRENCH POLYNESIA FRENCH SOUTHERN TERRITORIES GABON GAMBIA GEORGIA GHANA GIBRALTAR

High Risk Countries	High Risk Countries	Ultra High Risk Countries
GRENADA GUADELOUPE GUAM GUATEMALA GUERNSEY GUINEA GUINEA-BISSAU GUYANA HAITI HEARD ISLAND AND MCDONALD ISLANDS HONDURAS INDIA INDONESIA ISLE OF MAN ISRAEL JAMAICA JERSEY JORDAN KIRIBATI LEBANON LESOTHO LIBERIA LIBYAN ARAB JAMAHIRIYA LIECHTENSTEIN MACAO MADAGASCAR MALAWI MALAYSIA MALDIVES MALI MALTA MARSHALL ISLAND MARTINIQUE MAURITANIA MAURITIUS MAYOTTE MOLDOVA MONACO MOROCCO MOZAMBIQUE NAMIBIA NAURU NEPAL NETHERLANDS ANTILLES NEW CALEDONIA NICARAGUA NIGER NIGERIA NIUE NORFOLK ISLAND NORTHERN MARIANA ISLANDS PAKISTAN PALAU PANAMA	PAPUA NEW GUINEA PARAGUAY PERU PHILIPPINES PITCAIRN PUERTO RICO RÉUNION RUSSIAN FEDERATION SAINT HELENA SAINT KITTS AND NEVIS SAINT LUCIA SAINT PIERRE AND MIQUELON SAINT VINCENT AND THE GRENADINES SAMOA SAN MARINO SAO TOME AND PRINCIPE SENEGAL SEYCHELLES SIERRA LEONE SOLOMON ISLANDS SOUTH GEORGIA AND THE SOUTH SANDWICH ISLANDS SURINAME SVALBARD AND JAN MAYEN SWAZILAND SYRIAN ARAB REPUBLIC TANZANIA TIMOR-LESTE TOGO TOKELAU TONGA TRINIDAD AND TOBAGO TUNISIA TURKS AND CAICOS ISLANDS TUVALU UKRAINE UNITED ARAB EMIRATES URUGUAY VANUATU VENEZUELA VIET NAM VIRGIN ISLANDS, BRITISH VIRGIN ISLANDS, U.S. WALLIS AND FUTUNA YEMEN	AFGHANISTAN ALBANIA ANGOLA BURUNDI CENTRAL AFRICAN REPUBLIC CONGO CONGO, THE DEMOCRATIC REPUBLIC OF THE ERITREA ETHIOPIA IRAN, ISLAMIC REPUBLIC OF IRAQ KAZAKHSTAN KENYA KOREA, DEMOCRATIC PEOPLE'S REPUBLIC OF KYRGYZSTAN LAO PEOPLE'S DEMOCRATIC REPUBLIC MYANMAR PALESTINIAN TERRITORY, OCCUPIED RWANDA SOMALIA SRI LANKA SUDAN TAJIKISTAN TURKMENISTAN UGANDA UZBEKISTAN WESTERN SAHARA ZAMBIA

**8.0 Appendix 3: Examples of Adverse impacts and the appropriate response (base on the OECD Guidance Annex II recommendations)**

Adverse impact	Appropriate response
Serious abuses associated with the extraction, trade and transport of minerals	Immediately suspend or disengage from counterparty. Mitigate where possible.
Direct or indirect support to non-state armed groups	Immediately suspend or disengage from counterparty. Mitigate where possible.
Direct or indirect support to public or private security forces who illegal control mine sites, transport routes and upstream actors (including illegal taxation)	Continue, or temporarily, suspend, trade with suppliers, but implement measurable mitigative actions. Suspend or disengage if mitigation measures are ineffective.
Bribery and fraudulent misrepresentation of the origin of gold/PGM	Continue, or temporarily, suspend, trade with suppliers, but implement measurable mitigative actions. Suspend or disengage if mitigation measures are ineffective.

## 9.0 Acronyms and definitions

**Adjoining country:** As defined by Section 1502 of the United States' Dodd-Frank Wall Street Reform and Consumer Protection Act, this is a country that shares an internationally recognized border with the **DRC**. Adjoining countries include Angola, Burundi, Central African Republic, Kenya, Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia

**Beneficial owner:** The natural person(s) who ultimately owns or controls the customer through direct or indirect ownership or control over a sufficient percentage of the shares or voting rights in that legal entity, including through bearer share holdings, a percentage of 25 % plus one share shall be deemed sufficient to meet this criterion

The natural person on whose behalf a transaction or activity is being conducted.

**Bullion:** silver, gold or PGM in the form of coins, ingots or bars.

**Bullion bank:** An investment bank that works as a wholesale supplier dealing in large quantities of refined gold.

**Chain of custody (CoC):** The documented sequence of custody of material as it moves along the supply chain. CoC material is created by an eligible material declaration, and then transferred from one business to another along the supply chain by issuing a CoC transfer document.

**CoC material (CoC gold or CoC PGM)** has an eligible material declaration from a CoC certified entity that is transferred in accordance with the RJC CoC standard. CoC material may be mined, recycled, or grandfather (see eligible material definition)

**Conflict** includes armed aggression, widespread violence and/or widespread human rights abuses.

**Conflict-affected and high risk areas (CAHRAs)** are areas identified by the presence of conflict or other risk of harm to people. Armed aggression may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation or insurgencies, civil wars, etc. High-risk areas may include area of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterized by widespread human rights abuses and violations of national or international law. These areas may be a region, a country, an area within a country or an area that crosses one or more country boundaries. Operations are not necessarily complicit in conflict if they are located in these areas.

**Conflict free** is the term used to describe material that is confirmed through due diligence investigation not to have caused any of the adverse impacts associated with CAHRAs. Such impacts include serious labour or human rights abuses, direct or indirect support to non-state armed groups or public and private security forces illegally controlling mines, and bribery or other fraudulent misrepresentation of the origin of precious metals.

**Contribution to conflict:** Contribution to armed aggression between two or more parties which leads to human rights abuses. The parties in the conflict may include government, militia, organized criminal or terrorist groups.

**Custody:** Thy physical possession of CoC material for the purposes of producing, processing, trading, manufacturing, packaging, labelling or retailing.

**Due diligence:** The investigation carried out to assess risks related to CAHRAs.

**Eligible material:** The gold or PGM that is eligible to become CoC material under the RJC CoC Standard

**Eligible mined materials** is conflict-free material produced through responsible mining practices, as defined in the CoC standard. Sources of eligible CoC mined material are shown as below table.

Provision	Evidence of conformance	
6.1a	Mines that are within a CoC entity's certification scope	<ul style="list-style-type: none"> <li>• This requires the mine to be certified against the RJC COP and CoC.</li> <li>• To accommodate joint ventures, this category also includes mines in which a CoC entity holds a legal interest, and where the facilities are within the CoC scope of another CoC certified entity.</li> <li>• Eligible material declarations in this scenario are issued by mine.</li> </ul>
6.1b	ASM producers operating on the entity's mining concessions	<ul style="list-style-type: none"> <li>• This aims to support provision 33 of the RJC COP, which calls for mining companies to support ASM producers to organize and formalize their operations.</li> <li>• Eligible material declarations in this scenario are issued by the mine (that is, the concession owner).</li> </ul>
6.1c	Non-RJC mines or producers that have been certified under a recognized ASM standard	<ul style="list-style-type: none"> <li>• ASM standards are identified through RJC's formal recognition of comparable standards.</li> <li>• This acknowledges ASM certification schemes.</li> <li>• Eligible material declarations in this scenario are issued by the entity sourcing directly from the mining facility or producers, usually a refiner.</li> </ul>
6.1d	Non-CoC mines that are subject to accepted mining assurance schemes and validated to conform with the RJC COP	<ul style="list-style-type: none"> <li>• This is aimed at formal, medium and large-scale mines.</li> <li>• Accepted responsible mining assurance schemes are assessed through the RJC's formal recognition process for the parts that are equivalent to the RJC COP.</li> <li>• The validation approach is used to confirm that the mine is operating to a standard equivalent to the full RJC COP, and has undergone a comparable level of third-party assurance.</li> <li>• Eligible material declarations in this scenario are issued by the entity sourcing directly from the mining facility, usually a refiner.</li> </ul>
6.1e	Processing residues that contain trace precious metals from which mining by-product can be extracted.	<ul style="list-style-type: none"> <li>• An eligible material declaration for mining by-products can only be issued by the by-product's refiner.</li> </ul>

**Eligible recycled material** is sourced by a CoC certified entity from recyclable materials screened according to the CoC standard's requirements

**Eligible material declaration:** The declaration of eligible material that an entity makes in a CoC transfer document to initiate a CoC.

**Illegitimate sources** are sources of material that go against applicable law. They include all sources involved in illegal mining and gold or money laundering, as well as all sources used to fund conflict, terrorism or crime.

**Know Your Counterparty (KYC):** Principles established to combat money laundering and finance of terrorism. KYC principles require businesses to identify every organization that they deal with, to understand their business relationships and, within reason, to identify and react to unusual or suspicious transaction patterns. Established to combat money laundering and terrorism financing. KYC principles apply to both suppliers and customers (but not end consumers).

**LBMA (London Bullion Market Association):** The association that represents the London market for gold and silver bullion and maintains the de facto standard of quality assured and assayed bullion.

**LBMA Good Delivery:** Silver/Gold bar that meet the specification for Good Delivery, as described in the LBMA Good Delivery Rules. These specification include the acceptable fine ounce weigh, purity and physical appearance (including marking and surface quality). Good delivery bars have been subject to the Responsible Gold Guidance / Responsible Silver Guidance.

**Leakage:** risk of mixing conflict gold with a regular material (depends on physical aspect and economic viability)

**Location:** the country where the offering party is located.

**Mined material:** Is produced by a mining facility (or 'mine') usually in the form of mineral concentrate, impure alloy or refined metal.

**Money laundering** is the process of disguising the financial proceeds of crime to conceal their illegal origin.

**Origin:** for mined gold it is the mine (exception for mining by-product); for recyclable gold it is the point where it is returned to the recycler.

**Outsourcing contractor:** An individual, company or other business that takes custody of material to process or manufacture it for other entity. Outsourcing contractors that are not themselves CoC certified must be included in the CoC certification scope.

**Platinum group metals (PGM):** Precious metallic elements that have similar physical and chemical properties and tend to occur together in the same mineral deposits. PGM covered under this standard are Rhodium (Rh), Palladium (Pd) and Platinum (Pt).

**Politically exposed persons (PEPs):**

*Foreign PEPs* are individuals who are or have been entrusted with prominent public functions by a foreign country for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials.

*Domestic PEPs* are individuals who are or have been entrusted domestically with prominent public functions, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials.

Persons who are or have been entrusted with a prominent function by an international organization refers to members of senior management i.e. directors, deputy directors and members of board or equivalent functions.

The definition of PEPs is not intended to cover middle ranking or more junior individuals in the foregoing categories.

**Recyclable materials:** Precious metals that have been previously refined (including end-user, post-consumer materials, precious metal-bearing products, and scrap and waste metals and materials arising during product manufacturing) and then returned to a refiner or other downstream intermediate processor to begin a new life cycle as 'recycled material'.

**Risk based approach:** Not all business relations can be reviewed at the same time. The sites need to classify their business partners and review the ones with the highest exposure first.

**Risk-based due diligence** is a level of supply chain scrutiny that is commensurate with the identification of real or potential risks.

**Refiner:** An entity engaged in separating and purifying silver, gold or PGM to a commercial market quality.

**RJC Code of Practice (COP)** defines the requirements for establishing responsible business practices throughout the jewellery supply chain, from mine to retail. The COP provide common standard for ethical, social, human rights and environmental practices, and certification against it is mandatory for all RJC commercial member.

**Shell bank:** A credit institution or an institution engaged in equivalent activities, incorporated in a jurisdiction in which it has no physical presence, involving meaningful mind and management, and which is unaffiliated with a regulated financial group.

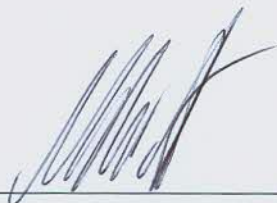
**Supplier:** This term refers to any individual or organization who is considered to be a participant in the supply chain for supply of silver and silver-bearing materials.

**Verifiable date:** A date which can be verified through inspection of physical date stamps on products and/or inventory lists. The requirements applicable to Refiner's Grandfathered Stocks with a subsequent date, or without a verifiable date, are the same as for other silver-bearing material; that is, a Refiner must provide the same level of source/mine documentation.

## 10.0 Revision history

Revision	Date	Description of changes	Authored by
R00	24 Apr 13	Initial release	Panot Thepratra
R01	05 May 16	Measures : Add exception criteria for payment EICC Level 2A Countries : Revised list of countries Appendix 2 : Country risks	Philailuck Maimala
R02	01 Apr 19	Item 2.5 & 2.6 : Screening of new and existing business partners : <ul style="list-style-type: none"> <li>• Add Risk based approach criteria</li> <li>• Add criteria of BPS scoring matrix for abroad customer in line with material refining and PM trade business</li> </ul> Item 3.0 : Responsibility : Add BU AML Officer Item 4.0 : Add export product in the 'Guideline for the import of material / export of product' Add detail in case of importing material and exporting product from countries other than low risk countries Add 'Sanction Countries trade compliance declaration' in the reference documents for BU-EP.	Philailuck Maimala
R03	01 Nov 19	Separate topic of "Screening of Business Partners" to Item 3.0 to be more clearly defined steps. Add topic of "Verification and confirm source of material" to item 4.0. Add information on the example of warning signs / red flags  Add item 8.0 "Appendix 3 : Examples of Adverse impacts and the appropriate respond (base on the OECD Guidance Annex II recommendations)"  Add definition of some wording to be more clearly understanding.	Philailuck Maimala

Approved by: \_\_\_\_\_



Mr. Matthias Schmidt  
 Managing Director