

PAMP SA 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 practice.

Table 1: Refiner's details

| | |
|---|-------------------------------------|
| Refiner's name | PAMP SA |
| Location | 6874 Castel San Pietro, Switzerland |
| Reporting year-end | December 31, 2012 |
| Date of Report | March 19, 2013 |
| Senior Management responsible for this report | Marwan Shakarchi, Chairman |



This report summarizes how PAMP SA has implemented the LBMA Responsible Gold Guidance during the year 2012 and how PAMP SA complies with the requirements of the *LBMA Responsible Gold Guidance*.

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.

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.

PAMP SA has adopted a policy regarding due diligence for supply chains of gold

Comments and Demonstration of Compliance:

During 2012, we established our Responsible Precious Metal Policy which 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 terrorist financing (CFT), to perform appropriate due diligence on a risk basis over our counterparties and to ensure appropriate scrutiny and monitoring of transactions on a risk based approach.

PAMP SA has set up an internal management structure to support supply chain due diligence

Comments and Demonstration of Compliance:

PAMP SA has an internal management system to support supply chain due diligence, which includes the definition of role and responsibility. Senior Management retains the ultimate control and responsibility for combating human rights, 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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PAMP SA 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

Comments and Demonstration of Compliance:

PAMP SA 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.

PAMP SA has strengthened company engagement with gold supplying counterparties, and where possible, assist gold supplying counterparties in building due diligence capabilities

Comments and Demonstration of Compliance:

As part of the implementation of the LBMA Responsible Gold Guidance, we have modified our General Terms and Conditions for the Refining of Materials so that they 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.

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

Comments and Demonstration of Compliance:

During 2012, our Group has developed 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@mksholding.nl has been established and is reviewed by the Group Compliance Officer and by PAMP's Compliance Officer.

Step 2: Identify and assess risks in the supply chain

Compliance Statement with Requirement:

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

PAMP SA has a process to identify risks in the supply chain

Comments and Demonstration of Compliance:

PAMP SA identifies and assesses risks in the supply chain. We have established our criteria for high-risk categories and applied them for any precious metal supplying counterparty; we conduct due diligence following a risk-based approach. Following the due diligence process, we 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.

PAMP SA assesses risks in light of the standards of their due diligence system

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.

PAMP SA reports risk assessment to Senior Management

Comments and Demonstration of Compliance:

Senior Management approves all new suppliers classified as high risk and revisit each year the decision as to whether to continue with these business relationships or not. The Compliance Officer prepares 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.



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

Compliance Statement with Requirement:

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

PAMP SA 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, PAMP SA has properly implemented required strategy to respond to the 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:

N/A

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

Compliance Statement with Requirement:

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

Comments and Demonstration of Compliance:

PAMP SA has engaged the services of the assurance provider Ernst & Young Ltd, Geneva, and their independent reasonable assurance report will be available on PAMP's website when issued.

Step 5: Report on supply chain due diligence

Compliance Statement with Requirement:

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

Comments and Demonstration of Compliance:

Our Responsible Precious Metals Policy is available on PAMP's website. Our Compliance report with the audit report will be available on PAMP's website when issued.

PAMP SA's overall conclusion

Table 3: Management conclusion

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

Yes In conclusion, PAMP SA has implemented 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 year ended 31 December 2012.

Table 4: Other report comments

If users of this report wish to provide any feedback to PAMP SA with respect to this report, they can send an e-mail to the functional mail box: responsiblepm@mksholding.nl



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