

**Independent Limited Assurance Report – LBMA 2014**

as of 31 December 2014 of

**Pamp S.A., Castel San Pietro**



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Pamp SA  
Attn. Mr. Marwan Shakarchi  
6874 Castel San Pietro  
Switzerland

Geneva, 13 March 2015

## **Pamp SA – Independent Limited Assurance Report – LBMA 2014**

We have been engaged by Pamp SA to provide limited assurance on its LBMA Refiner's Compliance Report for the year ended 31 December 2014.

The assurance scope consists on the review of the Refiner's Compliance Report dated 6 February 2015.

### **Responsibilities**

The management of Pamp SA 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 limited 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* (the "*Audit Guidance*").

The extent of evidence-gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

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

### Limited assurance procedures performed

We have planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- Enquiries of management to gain an understanding of Pamp SA's processes and risk management protocols in place
- Enquiries of staff responsible for the preparation of the Report
- Review of policies, procedures and internal controls that Pamp SA has in place to conform to the *Guidance*
- Review of a selection of the supporting documentation, including gold supplier counterparty due diligence file and transaction's documentation
- Review of the presentation of the Report to ensure consistency with our findings

### 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 absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques that can result in materially different measurements and can impact comparability. The methods used by refiners to comply with the *Guidance* may differ. It is important to read the Pamp SA's gold supply chain policy available on Pamp SA website ([www.pamp.com](http://www.pamp.com)).

### 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 the *Audit Guidance* to carry out the assurance engagement.

### Conclusion

Based on the limited assurance procedures performed, as described above, nothing has come to our attention that would lead us to believe that Pamp SA's Compliance Report for the year ended 31 December 2014, did not in all material respects, describe fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein, is not in accordance with the requirements of the *LBMA Responsible Gold Guidance*.

Ernst & Young Ltd



Mario Mosca  
Partner



Milena De Simone  
Senior Manager

**Enclosure** : Copy of the Refiner's Compliance Report dated 6 February 2015

## 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, 2014
Date of Report	February 6, 2015
Senior Management responsible for this report	Marwan Shakarchi, Chairman



This report summarizes how PAMP SA complied with the requirements of the LBMA Responsible Gold Guidance during the year 2014.

### 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:

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 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 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.



The Art of Precious Metal Transformation®



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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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**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**

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**Comments and Demonstration of Compliance:**

During the reporting period, PAMP SA has properly implemented required strategy to respond to the identified risk.

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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 own 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 our supply chain due diligence.

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**Comments and Demonstration of Compliance:**

PAMP SA has engaged the services of the assurance provider Ernst & Young Ltd, Geneva to review our 2014 Compliance Report, and their independent report will be available on PAMP's website when issued.

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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 PAMP's website. Our 2014 Compliance report with the independent audit report will be available on PAMP's website when issued. Previous years Compliance reports with audit reports are as well available on our website.

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**PAMP SA'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, PAMP SA 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 year ended 31 December 2014.

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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**

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**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.

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**PAMP SA 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.

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**PAMP SA 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:**

Our Group 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@mkspamp.com](mailto:responsiblepm@mkspamp.com) has been established and is reviewed by the Group Compliance Officer and by PAMP's Compliance Officer.

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

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**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 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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**PAMP SA 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 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.

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**PAMP SA 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 or not with business relationships categorized 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.

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**Table 4: Other report comments**

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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@mkspamp.com](mailto:responsiblepm@mkspamp.com)

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