



A GLENCORE COMPANY

## **Refiner Compliance Report (Prepared for ISAE 3000 engagements)**

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, to comply with high standards of anti-money laundering and combating terrorist financing practice.

This report summarizes how the CCR Refinery ("CCR") as a Good Delivery Refiner has complied with the requirements of the LBMA Responsible Gold Guidance during the year 2014.

**Table 1: Refiner's details**

Refiner's name:	CCR Refinery
Location:	220 Durocher Avenue, Montreal East, Quebec, Canada, H1B 5H6
Reporting year-end:	31 <sup>st</sup> December, 2014
Date of Report:	19 <sup>th</sup> February, 2015
Senior management responsible for this report:	Mr. Robert Leclair General Manager – CCR Refinery 220 Durocher Avenue, Montreal-East Quebec, Canada H1B 5H6

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

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

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#### **Compliance Statement with Requirement:**

We have fully complied with Step 1 and have established strong management systems.

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#### **Has the Refiner adopted a company policy regarding due diligence for supply chains of gold?**

In 2012, CCR established and implemented a Responsible Global Supply Chain Policy on Gold from Conflict Affected and High-Risk Areas, which is consistent with the standards set forth in OECD Annex II model supply chain policy and commits CCR to assess itself, and the activities and relationships of its suppliers. The policy was reviewed in 2014 with no changes made to the content.

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**Has the Refiner set up an internal management structure to support supply chain due diligence?**

In 2012, an internal management system was set up based upon the OECD 5 Step process. A commitment statement jointly issued by the General Manager and the Gold Supply Chain Compliance Officer of CCR has been included with the CCR Management Program. The compliance officer manages this process, and has a direct line of reporting to senior management of Glencore Copper Metallurgical Operations including the General Manager of the CCR Refinery.

A training program was developed and delivered in 2013 to all personnel who are responsible for ensuring due diligence for supply chain of gold. Further training was provided in 2014 when personnel changes occurred. Refresher training will be provided to all required personnel whenever there is a significant change in the OECD or LBMA guidelines.

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**Has the Refiner established a strong internal system of due diligence, controls and transparency over gold supply chain, including traceability and identification of other supply chain actors?**

Supply chain due diligence authority, accountability and performance requirements are set forth in Glencore Copper Metallurgical Operations procedures on Supplier Conflict-Free Gold Assessment. These procedures provide instructions on how the commercial team applies a risk-based approach for the selection of its gold suppliers.

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**Has the Refiner strengthened company engagement with gold supplying counterparties, and where possible, assisted gold supplying counterparties in building due diligence capabilities?**

The Commercial Team has engaged with its in scope suppliers on the issue of CFG and provided them with a copy of the CCR Policy on CFG and has integrated similar language into in scope CCR supplier contracts. Where practical, the Commercial Team encourages suppliers to implement their own CFG policies. Additionally, the Commercial Team has communicated with its suppliers its CFG due diligence process and has encouraged in scope suppliers to implement a similar process for their supply chain.

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**Has the Refiner established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management?**

CCR has communicated the CFG policy and program via employee newsletters and the CCR internet. Furthermore, Glencore's Code of Conduct and global policies on Human rights and Anti-Corruption provide employees with the means of reporting potential infractions of the CFG policy.

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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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### **Does the Refiner have a process to identify risks in the supply chain?**

We identify and assess risks in the supply chain. For every supplier, we have established a client database and allocated a risk profile according to our risk profile criteria. This process is now a formal requirement before entering into a business relationship with a gold supplying counterparty to the precious metal refinery.

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### **Does the Refiner assess risks in light of the standards of their due diligence system?**

Supply chain due diligence comprising all measures required by the LBMA Responsible Gold Guidance are conducted for all potential materials that are considered for entering the gold process. Due to the nature of CCR's business, we are dealing in low risk by-product gold materials. However, we have an enhanced due diligence screening process for higher risk categories, consideration of which includes one or both of the following criteria:

- 1) Where gold originates from or transits via a conflict-affected or human rights abuse high risk areas
- 2) The material supplied exceeds the threshold gold concentration of 2%.

CCR did not have any new suppliers that met either one of the above criteria in 2014.

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### **Does the Refiner report risk assessment to the designated manager?**

The CCR CFG program requires that any material review that has raised red flags be reported by the Gold Supply Chain Compliance Officer through the Glencore Incident Reporting process. This reporting process will automatically alert senior management (including the Executive General Manager) of the incident and the recommended mitigating actions.

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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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**Has the Refiner 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?**

The risk management strategy requires that the CCR CFG Compliance Officer identify which OECD option is most appropriate based on the risk treatment evaluation process on a "case by case" basis. The Glencore Risk Management Framework follows the risk control hierarchy which provides additional guidance for the development of the risk treatment options. The commercial team will consult with suppliers and affected stakeholders and agree on the strategy for measurable risk mitigation in the risk management plan.

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**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.**

As part of the risk management plan and to ensure that management of risk is effective and continues to support the CCR CFG policy, ongoing monitoring and review is required. This is achieved by:

- Periodic measurement and report on progress against deviation from action plans related to non-compliances
- Reviewing the adequacy and effectiveness of the CFG Policy and Plans.

CCR risk reviews are held monthly for monitoring of risks and management plans are reviewed annually.

Based on the results of the assurance activities and management review of the management plan, decisions are made about how the risk assessment and management plans can be improved.

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

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**Comments and Demonstration of Compliance:**

In 2013 & 2014, CCR engaged the services of Ernst & Young to perform assurance audits using the ISAE 3000 standard. Ernst & Young's independent assurance summary reports are available on the CCR external website.

In 2015, CCR has again engaged Ernst & Young to review our 2014 compliance report and their independent limited assurance report will be made available on the CCR external website.

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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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As required by LBMA, CCR has publicly reported on its gold supply chain due diligence policies and practices, which includes its policy regarding gold supply chain together with the audit and compliance reports issued to LBMA on the compliance with these guidelines for reporting years 2012 & 2013. Note that reporting of the audit report to the public on the compliance with LBMA, OECD or any other guidelines incorporated herein by CCR, will be governed by Glencore's external reporting guidelines.

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### Table 3: Management Conclusion

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

**Yes**

CCR 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 2014.

### Table 4: Other report comments

If users of this report wish to provide any feedback to the CCR refinery with respect to this report, they can contact Mr. Paul Healey by email ([paul.healey@glencore-ca.com](mailto:paul.healey@glencore-ca.com))

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**Robert Leclair**  
**General Manager – CCR Refinery**