



A GLENCORE COMPANY

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

The LBMA Responsible Gold and Silver Guidance have 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 and Silver Guidance during the year 2019.

**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, 2019
Date of Report:	24 <sup>th</sup> March 2020
Senior management responsible for this report:	Mr. Denis Beaulieu 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 and silver?**

In 2018, CCR established and implemented a Responsible Global Supply Chain Policy on Gold and Silver 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. No changes were made to the contents of the policy in 2019.

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

An internal management system has been set up based upon the OECD 5 Step process. Initial supply chain due diligence is performed by the Glencore Canada Corporation – Copper Department Trader. The Compliance Officer maintains overall responsibility for ensuring that identified risks are evaluated and managed. He has a direct line of reporting to senior management of Glencore Canada Corporation, including the General Manager of the CCR Refinery.

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

Supply chain due diligence authority, accountability, traceability and performance requirements are set forth in the CCR Refinery Conflict Free Gold and Silver Management Program and is supplemented by the Glencore Canada Copper procedure of Chain of Custody-Traceability of Upstream Suppliers. The program and procedure provide the following:

- a) Instructions on how the Glencore Canada Corporation-Copper Department Trader applies a risk-based approach for the selection of gold and silver feed suppliers,
  - b) The requirements of CCR receiving personnel to ensure that the material has not been tampered with during shipment
  - c) The responsibility of the CCR finance department for maintaining the CCR internal inventory and transaction documents in accordance with the Glencore Financial Control Procedures, including traceability of the gold and silver from feed to final product.
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**Has the Refiner strengthened company engagement with gold and silver supplying counterparties, and where possible, assisted gold supplying counterparties in building due diligence capabilities?**

The Glencore Canada Corporation – Copper Department Trader provides the Responsible Global Supply Chain Policy on Gold and Silver from Conflict Affected and High-Risk Areas to all suppliers of direct feed to the precious metals plant and has integrated similar language into these supplier contracts.

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

Similar to past years, CCR has communicated the Conflict Free Gold and Silver policy and program via the monthly newsletter Point 9. 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 Conflict Free Gold & Silver 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?**

The Glencore Canada Copper procedure of Chain of Custody-Traceability of Upstream Supplier describes the process for identifying and assessing the risks in the supply chain. Even though, all, except one, of CCR's feed to the precious metals plant are by-product gold and silver materials, risk assessments were performed for every supplier of feed material entering the precious metals plant in order to ensure transparency of supply chain due diligence. This process is a requirement before entering into a business relationship with these gold and silver supplying counterparties.

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

As required by the LBMA Responsible Gold and Silver Guidance, in-depth supply chain due diligence is conducted for all direct feeds entering into the silver and gold refining process using the Glencore CCR Refinery Due Diligence Checklist, which include assessing country of origin, transportation, know your counterparty and money laundering risks. In 2019, the due diligence process included an updated screening process using a third party tool that considered environmental and sustainability issues while screening the suppliers.

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

The CCR Conflict Free Gold and Silver program requires that any red flags raised during the due diligence process be reported by the Gold and Silver Supply Chain Compliance Officer through the Glencore Incident Reporting process. This reporting process will automatically alert senior management.

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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?**

Based on the risk treatment evaluation process, the Compliance Officer will identify, on a "case by case" basis, which OECD option is most appropriate. The Copper Department Trader 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.**

In 2019, there were no red-flags that would trigger a risk mitigation process.

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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:**

Since 2012, CCR has 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.

<http://www.affinerieccr.ca/fr/developpementdurable/Pages/Politique-relative-a-la-production-aurifere-sans-conflit.aspx>

For 2020, we have again engaged Ernst & Young to perform the limited assurance audit on our Conflict Free Gold and Silver program.

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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 supply chain due diligence policies and practices, which includes its policy regarding gold and silver supply chain together with the previous audit and compliance reports issued to LBMA on the compliance with the guidelines for reporting years 2012-2018. 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.

**Table 3: Management Conclusion**

**Is the Refiner in compliance with the requirements of the *LBMA Responsible Gold and Silver 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 and Silver Guidance*, as explained above in Table 2, for the reporting year ended 31 December 2019.

**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. Denis Beaulieu by email ([Denis.Beaulieu@glencore.ca](mailto:Denis.Beaulieu@glencore.ca))

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**Denis Beaulieu**  
**General Manager – CCR Refinery**