



March 2018

**LBMA Responsible Silver Guidance –
Summary Assessment Report**
For third-party audits based on ISO19011:2011

According to LBMA provision this document has to be made publicly available by the refiner.

Company Name:	Guangdong Jinye Precious metals Co., Ltd.
Reference Standard: LBMA RGG	Other ref.: ISO 19011:2011

Audit Team	
Team Leader:	Team Member:
Mr.Chuangen Wang	Mr.Henry Teng(Witness auditor)
Mr.Chuangen Wang	

Type of Audit	Date of Opening Audit	Date of Closing Audit	Total n° of man/days
Full assessment Audit	25th Febuary	27th February	3 Man days
Assessment Review			
Follow-up Assessment	July 15,2019	July 15,2019	1 Man day

Site(s) address(es):	Site1 :No 189, Longbao Road, Shuangdong Street, Luoding city, Guangdong Province,China
	Site2:No.4 West Pingbu Avenu,Xinhua Industrial Zone,Huadu District,Guangzhou Province,China.
Refiner Contact Person: Name, Title: Email: Phone:	Name: Mr.Liu Dequan
	Title: Vice general manager
	gdjinye@sina.com
	0086-13922662506

	Non Compliance – risk level				
	Compliant	Low	Medium	High	Zero Tolerance
Based on the assessment conclusions, the overall rating of the Refiner’s performance is determined to represent:	Yes			Yes	

Is a follow up visit required? (in case of high risk non-compliance)		Yes	<i>No</i>
Date(s) of follow up visit:	25th May,2019	NA	

AUDIT SUMMARY
Basic Inputs
<i>This is the first full assessment audit for silver carried out by BV. Two auditors including one lead auditor and one witness auditor ,3 Man days were arranged for this audit.</i>



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See Third party Audit Checklist (GENERAL INFO POINT F) and describe bellow percentages

There are total 5 silver supplier during the year 2018 (from Jan.1/2018 to Dec.31/2018)

The number of silver supplying counterparties is as follows:

Industrial mining operations (large or small scale): 0%

Type of companies: //

Forms of Sliver: //

Countries of provenance: //

Artisanal mining operations: 0%

Type of companies: //

Forms of Sliver: //

Countries of provenance: //

Traders / brokers: 9.29%

Type of companies: Trading company

Forms of Sliver: Recycled sliver (Electronic original scrap)

Countries of provenance: China

Recycled materia lcollectors: 90.71%

Type of companies: // refiners

Forms of Sliver: // Recycled sliver (Non-standard silver)

Countries of provenance: // China

Industrial scrap providers: 0%

Type of companies: //

Forms of Sliver: //

Countries of provenance: //

Others: 0%

Type of companies: //

Forms of Sliver: //

Countries of provenance: //

0 high risk Sliver supplying counterparty is found during the audit;

100% of the suppliers are classified as low risk suppliers, and 0% of them are classified as medium risk suppliers.

Description of the company activities [mandatory for all audits]:

Guangdong Jinye Precious Metals Co., Ltd (hereinafter called “the company”) was established in 1994. Guangdong Jinye Precious Metals Co., Ltd is located in the Shuangdong Environmental Protection Industrial Park, Luoding City, Guangdong Province, The company is Guangdong Provincial Hi-tech enterprise with registered capital of 50 million Yuan, is a small-scale private company.

The company is principally engaged in the production, processing, sales of non-ferrous metals and precious metals, and the operation of the Company’s gold trading on Shanghai Gold Exchange, the silver trading on Shanghai Huatong Silver Exchange and recovery of jewelry gold; the investment advisory business (Excluding



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futures and securities) of gold and silver. The Company possesses two complete silver production lines, respectively, in the Shuangdong Environmental Protection Industrial Park, Luoding City and its subsidiary, Guangzhou Huadu Silver Refinery. The silver production line located in Luo ding Shuangdong Environmental Protection Industrial Park adopts the international advanced cyclone electrolysis process. The Company's main products are electrolytic silver, electrolytic tin, gold ingots, silver ingots, and silver granule. The total volume of silver for last year is about 32.34 tons in 2018. The Company also undertakes processing of material supplied by clients and sales of various types of gold and silver jewelry, silver products, etc.

The Company became a member unit of Shanghai Huatong Silver Exchange in 2004; became a unit of "Vice President of Guangdong Province Gold Association" formally in January 2006; recognized as a qualified silver ingot supplier by Shanghai Huatong Silver Exchange in June 2006; approved by Shanghai Gold Exchange to be a comprehensive member unit in July 2006; In December of the same year, the Company established a branch company in Guangzhou to open up the secondary long-distance transaction system for expansive on-line transaction business of gold and silver; In January 2007, Guangzhou Huadu Silver Refinery was accepted as standard silver bar supplier by Shanghai Gold Exchange officially; Since 2010, the Company has been ascertained as silver supplier by China Gold Coin Incorporation (one of the six units nationwide), won the enterprise title of "abiding by contract, paying attention to credit" in Guangdong Province for three consecutive years, from 2010 to 2012; in December 2011, the Company's silver brand trademark of "JINYE" was confirmed as "Famous Trademark in Guangdong" by Guangdong Province Administration for Industry and Commerce; passed the certification of "GB/T19001-2008/ISO9001: 2008 standard quality management system" in December 2012. In June 2013, the silver ingot of "JINYE" brand was successfully registered on Shanghai Futures Exchange; in the same month, the silver ingots of "JINYE" brand was approved as "Guangdong International Standard Products" and obtained a certificate of accreditation. In December 2014, "JINYE" brand silver was awarded the title of 2014 "Guangdong Province Brand-name Products" by the Promotion Commission of Provincial Brand-name Products. By 2015, "JINYE" brand silver has won the title of the national "Users' Favorite 20 Silver Brands" for ten consecutive years. Meanwhile, it was awarded the title of "Ten Years of Excellent Brand Achievements" by the Eleventh (2014) National Silver Order and Rare Metals Summit. In December 2016, the company was evaluated as "Hi-Tech Enterprise" by relevant functional departments of Guangdong Province and "JINYE" brand high purity silver was evaluated as "Guangdong Provincial Hi-tech Product" by Guangdong Province Hi-tech Enterprises Association.

Manual adequacy:

Key clauses in LBMA Responsible Silver Guidance are addressed in the LBMA compliance policy statement that is prepared by the LBMA compliance committee.

But applicable statutory requirements are not mandatory implemented and maintained, please refer to 6. Corrective Action Plan LBMA_(silver).

Assessment of level of compliance of Refiner's systems, processes, procedures and practices according



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to the LBMA Responsible Silver Guidance:**Step 1: Establish strong Refiner management systems**See Third party Audit Checklist

1. Adopt a Refiner policy regarding due diligence for supply chains of Silver. Provide an overview of the management systems governing the due diligence policy for Silver supply chains.
2. Set up an internal management structure to support supply chain due diligence. Review the management structure for due diligence, including the methods of communication to internal and external parties.
3. Establish a strong internal system of due diligence, controls and transparency over Silver supply chains, including traceability and identification of other supply chain actors. Inventory Control Mechanism: Conduct a review of the inventory control mechanism and the documentation kept on file for Silver bearing material.
4. Strengthen Refiner engagement with Silver supplying counterparties, and where possible, assist Silver supplying counterparties in building due diligence capacities. Review the due diligence policy communicated to the Silver bearing counterparties.
5. Establish a Refiner-wide communication mechanism to promote broad employee participation and risk identification to management. Review the internal communication mechanisms in place at the Refiner focusing on the mechanism for voicing concerns over the Silver supply chain.

The refiner has developed the LBMA compliance policy regarding due diligence for supply chain of Silver in compliance with LBMA Responsible Silver Guidance.

This policy is published in the company website available at http://www.glddjy.com/news/?7_71.html.

The policy stated that the refiner do not participate in conflict financing, abuse of human rights, money laundering and terrorism financing activity.

The refiner has established the procedure which including Scope, Organisation and responsibilities, Criteria for high risk Gold supply chain, Supply chain due diligence, Monitoring of transactions, Maintaining records, Training. The refiner has set up management structure and job descriptions, and LBMA compliance committee was established, consisting of procurement, sales, production and finance departments.

The refiner's external and internal communication mechanism was not implemented properly, the refiner did not provide external communication evidence for view, such as written commitment. And refiner did not conduct training or meeting to support the internal communication.

The 1st Follow-up assessment was conducted on July 15, 2019. -Clsoed.

The refiner has established external communication procedure, and the commitment letters were available.

The refiner has established internal communication procedure, The training record were available, employee interview showed that sales, and office personnel were aware of their job responsibilities.

The refiner has appointed a compliance officer responsible for enforcing the implementation of the due diligence procedures and who reports to the management.

The Senior management is responsible for overseeing the supply chain and ensures that the compliance department and related departments are provided with adequate resources in order to fulfil their responsibilities. Transactions are consistently recorded and records are kept for a period of at least 5 years, the record-keeping requirement has been formalized in policy.

The refiner has requested that all silver-supplying counterparties have committed to and acknowledged in writing compliance with the refiner's own Company Policy. But all silver-supplying counterparties cannot provide written commitment for review.

The 1st Follow-up assessment was conducted on July 15, 2019. -Clsoed.

The written commitment of all suppliers (5 recycled silver suppliers) were available.

The refiner has not communication mechanism in place that allows employees to voice concerns over the Silver supply chain. Based on interview, employees were not aware of the mechanism.

The 1st Follow-up assessment was conducted on July 15, 2019. -Clsoed.

The company has established the internal communication mechanisms in place, such as suggestion box and



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compliant email was available. Through employee's interview, they were aware of the mechanism. The refiner has issued the silver supply chain policy which including confidential grievance mechanism (e.g. compliant email and hotline) on their website. The confidential grievance mechanism (e.g. compliant email and hotline) can be available through website by external stakeholders.

It was noted that 4 Ncs was raised during this audit.

STEP 2: Identify and assess risk in the supply chain

See Third party Audit Checklist

1. Identify risks in the Silver supply chain. Assess the risk assessment policy for all Silver supply chains.
2. Assess risks in light of the standards of their supply chain due diligence system: Supply chain due diligence: Review “Silver supplying counterparty” files to verify if the Refiner collects the required basic information for all business entities
3. Risk assessment reporting. Evaluate the risk assessment reporting mechanisms, organization chart and communication

The refiner has a system for assessing risk among Silver supplying counterparties according to the LBMA Responsible Silver Guidance, and the assessment system include: Systematic or widespread human rights abuses associated with the extraction, transport or trade of Gold, Direct or indirect support to non-state armed groups or public or private security forces, Bribery and fraudulent misrepresentation of the origin of Gold, Money laundering and terrorist financing and Contribution to conflict.

The system allows taking into account risks in the entire Silver supply chain, from the point of origin to the refiner. The risk assessment applies to all inputs of recycled Silver received within the assessment period.

The refiner has conducted silver supply chain due diligence, but was not well implemented. The refiner only collect supplier's business license and simple questionnaire.

The following document were not available : 1. Identification of the beneficial owner(s) of the counterparty, 2. Check that the counterparty and their beneficial owners are not named on any government lists for wanted money launderers, known fraudsters or terrorists, 3. Business and financial details of the counterparty, 4. Purpose and intended nature of the business relationship. One Nc was raised during this audit.

The 1st Follow-up assessment was conducted on July 15, 2019. -Clsoed.

The refiner has provided 5 suppliers' due diligence record for review including Identification of the beneficial owner, Check record (Check that the counterparty and their beneficial owners are not named on any government lists for wanted money launderers, known fraudsters or terrorists), Business and financial details, Purpose and intended nature of the business relationship.

The refiner has defined risk categories and has procedures prescribing enhanced monitoring for any high-risk categories identified during the due diligence procedures.

The company uses relevant criteria to determine areas that are conflict-affected, high risk transit areas that carry high risk of human rights abuses, high risk of money laundering, crime or corruption.

The refiner collects information to determine risk categories. The refiner has assigned a risk level to each silver supplier. During the assessment period, all 5 silver suppliers are assigned as low risk.

No subcontractor is used by the refiner.

The refiner is currently a member of the Shanghai Gold Exchange, and all members are required to implement an anti-money laundering policy. The refiner has collect and assess the Recycled Gold porous counterparty's AML-CFT policy and practices.

The refiner has provided a risk assessment process that describes risk definitions, risk types, and risk scores, but the definition of the supplier's risk classification is not clear enough.

The 1st Follow-up assessment was conducted on July 15, 2019. -Clsoed.

The silver due diligence rules showed that the risk assessment procedure in place, and relevant evaluation processes and standard criteria was established. In addition, the definition of the supplier's risk classification was clearly defined in the rules.

The refiner has a risk based approach for monitoring transactions to ensure that these are consistent with



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information on the counterparties' supply chain and risk profile.
 The refiner systematically request, gather and maintain the following documentation on file for each lot of Silver-bearing material received.(Contract,Invoice,Production record,Test report,Transaction Record, Silver Receiving Book.)
 The Compliance Officer regularly reports risk assessment and results to the Senior Management.
 The Senior Management is responsible for approving each new supply chain assessed as high risk, and re-assesses these on an annual basis to determine whether the business relationship should continue.
 Till now no high risk supplier was found.
 It was noted that 2 Ncs was raised during this audit.

STEP 3: Design and implement a management strategy to respond to identified risks

See Third party Audit Checklist

1. Policy: formal risk mitigation strategy in place.
2. Improvement plans: strategy regarding the procedures for following up on improvement plans.

The refiner has not established formalized risk mitigation strategy and improvement plan of risk mitigation strategy. The Compliance Officer and the compliance team were not aware of the risk mitigation strategy requirement. It was noted that 2 Ncs were raised during this audit.

The 1st Follow-up assessment was conducted on July 1,2019.-Clsoed.

The formal risk mitigation strategy was available, and the compliance officer was clear about the risk mitigation strategy.

There were no high risk found during this audit, No such case occurred in 2018.No need to perform improvement plan, but the refiner has established the improvement measure procedure.

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

See Third party Audit Checklist

This is the first LBMA full assessment was conducted in Febuary 2019 by BV, and the assessment was conducted based on the ISO 19011:2011 standard, and the assessment period was january to december 2018.

The refiner has ensured that these audits are diligently completed in accordance with the LBMA Guidance and the OECD Guidance.

STEP 5: Report on supply chain due diligence

See Third party Audit Checklist

Refiners should make available their company policy regarding Silver supply chain and the LBMA Summary Report.

The policy has published on their website (http://www.gldjy.com/news/?7_71.html).

The refiner will publish the LBMA summary report after approval on their website (http://www.gldjy.com/news/?7_71.html).

ASSESSMENT CONCLUSIONS							
CATEGORY	SUBCATEGORY	Compliant	Non compliance – risk level				
			Low	Medium	High	Zero Tolerance	



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General Information		✓			✓	
Step 1: Establish strong Refiner management systems	1.1	✓				
	1.2:	✓		✓		
	1.3	✓				
	1.4	✓		✓		
	1.5	✓		✓		
Step 2: Identify and assess risk in the supply chain	2.1	✓				
	2.2	✓		✓		
	2.3	✓				
Step 3: Design and implement a management strategy to respond to identified risks	3.1	✓			✓	
	3.2	✓			✓	
Step 4: Arrange for an independent third-party audit of the supply chain due diligence	4.1	✓				
Step 5: Report on supply chain due diligence	5.1	✓				
Based on the above assessment conclusions, the overall rating of the Refiner's performance is determined to represent:						

Assessment scope:	
<i>Refiner location(s) included in the assessment scope</i>	Site1:No 189, Longbao Road, Shuangdong Street, Luoding city, Guangdong Province,China Site2:No.4 West Pingbu Avenu,Xinhua Industrial Zone,Huadu District,Guangzhou Province,China.
<i>Assessment Period</i>	2018 (from Jan.1/2018 to Dec.31/2018)
Assessment methodology:	
<p>The Assessment teams used a triangulation of findings to evaluate the existence and implementation of appropriate systems at the Refiner, addressing all areas covered by the LBMA Responsible Silver Guidance. Each area of the LBMA Responsible Silver Guidance was verified by documentation review and management/employee interviews, as well as observation during the facility tour.</p> <p>The evidence of compliance that was reviewed included:</p> <ul style="list-style-type: none"> • Silver Supplier Chain Policy, • Silver Supplier Chain Due Diligence Procedure, • Silver Source Risk Assessment Procedure, 	



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- *Traceability System,*
- *Risk Assessment Record,*
- *Business Certification,*
- *Lbma Questionnaire,*
- *Contract,*
- *Invoice,*
- *Production record,*
- *Test report,*
- *Transaction Record,*
- *Silver Receiving Book,*
- *Etc.*

The following areas of the facility were visited during the tour:

- *Site1:Office, warehouse, electrolysis workshop, silver refine workshop, melting workshop, lab and all the activities production area related silver product.*
- *Site 2: warehouse, melting workshop, lab and all the activities production area related silver product.*

The following interviews were conducted with management:

- *Mr.Dequan Liu/Vice Production Manager, Mr.Xinxing Jun/Marketing Manager;Mr. Yi Liao/Finance Manager;Mr.Zhiwei Huang/Lab Manager*
- *The following interviews with employees were conducted:*
- *Mr.Dingdui Chen/admin manager.Ms. Yuling Li/Warehouse;Mr.Xincheng Cui/Technician.*

Any significant or inherent limitations or areas not covered that were within the assessment scope:

There were no significant or inherent limitations or areas not covered that were within the assessment scope.

Assessment criteria:

- *The auditor or assessment team took into account all relevant objective evidence provided by the Refiner. Relevant evidence was either qualitative or quantitative in as far as it is appropriate and sufficient to support the auditor or assessment team’s conclusions. Appropriate evidence is evidence that is relevant and reliable. Sufficient evidence refers to the amount of evidence provided to allow the auditor or assessment team to reach a conclusion.*
- *Any actual or potential gaps in the Refiner’s systems in regards to the LBMA requirements are rated in accordance to the level of risk each presents to the credibility and integrity of the LBMA Responsible Silver Program for the responsible sourcing of silver-bearing materials.*

The Auditors confirm that:

- ✓ The information provided by the Refiner is true and accurate to the best knowledge of the Auditor(s) preparing this report.
- ✓ The findings are based on verified Objective Evidence relevant to the time period for the assessment, traceable and unambiguous.
- ✓ The Auditor(s) have acted in a manner deemed ethical, truthful, accurate professional, independent and objective.



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✓ The Auditor(s) are properly qualified to carry out the assessment at this Refiner's facility.

Lead Auditor: Mr.Chuangen Wang,Mr.Henry Teng **Mr.Chuangen Wang**

Signature:

chuangen Wang Henry Teng

Date: 27th Febuary,2019. **July 15,2019**
