

The Perth Mint Refinery

Compliance Report

Responsible Sourcing Programme

FY 2021



ACKNOWLEDGMENT OF COUNTRY

We acknowledge the traditional owners of the land on which our business operates and lands throughout Australia. We pay our respects to Aboriginal and Torres Strait Islander cultures, and to elders past, present, and emerging.





Refiner's Details

Name	The Perth Mint Refinery
Address	131 Horrie Miller Drive, Perth Airport, WA 6105
Assessment Period	01.07.2020 to 30.06.2021
Prepared By	Harshita Angarey, Sustainable Supply Chain Manager
Review By	Kate Hilgendorf, Compliance & Regulatory Engagement Group Manager (Compliance Officer)
Approved By	Amanda Noble, Chief Risk Officer Alex Gowland, General Manager, Refining
Location	Perth, Western Australia
Date of Report	16.09.2021
Combined Report	This report addresses both the Responsible Gold Guidance (RGG) and the Responsible Silver Guidance (RSG)

Compliance Report

The London Bullion Market Association's (**LBMA**) Responsible Gold Guidance (RGG) and Responsible Silver Guidance (RSG) 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 summarises how The Perth Mint has complied with the requirements of both the Responsible Gold Guidance and the Responsible Silver Guidance.



Responsible Sourcing Programme Commitment

The LBMA's Responsible Sourcing Programme was established in 2012 in order to consolidate, strengthen, and formalise existing due diligence standards of the Refiners. The purpose of the Responsible Sourcing Programme is to ensure continuous improvement of Responsible Sourcing business practices and reassure users that all metal sourced from LBMA Good Delivery Refiners is free from threat financing.

The Perth Mint has held LBMA accreditation since the inception of the Responsible Sourcing Programme and is the only refiner in Australia holding Good Delivery list (GDL) certification for both gold and silver. As a certified refiner, weight master and assayer with the LBMA, we ensure that our customers have confidence in the stated weight, purity, and integrity of all our precious metal products.

The Perth Mint recognises the material risks associated with extracting, trading, handling, exporting, and refining precious metals mined from conflict-affected and high-risk countries. Profits generated by these operations may directly or indirectly finance conflict and contribute to related abuses of human rights. The Perth Mint is aware that precious metals mined in these high-risk countries have the potential to be introduced into our operations.

The Perth Mint's [Responsible Metals and Supply Chain Policy \(Policy\)](#), sets out our commitment to manage relationships with suppliers and customers to mitigate human rights risks associated with our operations. As part of our mitigation actions we take into account social, ethical, environmental and governance considerations, as well as conducting appropriate due diligence on our suppliers and customers' supply chains.

The Perth Mint is committed to ensuring our refinery contracts reflect the commitments made in our Responsible Sourcing and Supply Chain policy, by incorporating obligations for our suppliers and customers to require compliance with the Policy, including adopting conflict-sensitive sourcing practices and appropriate risk reviews.

The Perth Mint recognises its responsibility to respect and uphold human rights and is committed to ensuring our refining operations do not in any way facilitate conflict and related human rights violations. We are equally committed to complying with all applicable international standards and domestic legal obligations, including environmental and sustainability requirements. As a Government Trading Enterprise of the Western Australian Government governed by the *Gold Corporation Act 1987*, Gold Corporation and its group of companies trading as the Perth Mint are not reporting entities for the purposes of the *Modern Slavery Act 2018 (Cth)*, and are not required to submit a Modern Slavery Statement under that legislation. However, our strong commitment to our corporate social responsibility and our enduring vision to be the sustainability benchmark for the precious metals industry motivated us to publish a [Voluntary Modern Slavery Statement](#) describing the risks of modern slavery within our operations and supply chains as well as the actions we are taking to assess, address and remediate these risks.

The Perth Mint Refinery's supply chain due diligence procedures are compliant with the standards required under the LBMA's Responsible Sourcing Programme and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict and High-Risk Areas. We remain committed to continuous improvement of our Responsible Sourcing obligations and maintain highest level of leadership, integrity, and transparency in the global precious metals market.



Step 1: Establish strong company management systems

Compliance Statement with Requirement:

During the period of FY20/21, The Perth Mint has fully complied with Step 1: Establish strong management systems.

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

Comments and Demonstration of Compliance:

The Perth Mint maintains compliance of our supply chain due diligence obligations by adhering to our Responsible Metals and Supply Chain Policy. The policy complies with the LBMA's Responsible Sourcing Programme and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict and High-Risk Areas. The Policy applies to all material, including mined and recycled Gold and Silver. The Policy recognises our responsibility to respect and uphold human rights and our commitment to ensure our refining operations do not in any way facilitate conflict and related human rights violations. The Policy also recognises our committed to complying with all applicable international standards and domestic legal obligations, including environmental and sustainability requirements.

The Perth Mint's inaugural [Sustainability 2021 Commitment Statement](#) is available for all stakeholders and outlines how our key business activities contribute to a more sustainable precious metals industry and outlines the steps we will continue to take as we move towards our sustainability vision. Additionally, in FY2021, we drafted and communicated a Human Rights Policy and Communities Policy to our suppliers. These policies and statements along with the Occupational Safety and Health (OSH) Policy and the Environmental Policy aid in ensuring compliance with the requirements of LBMA's Responsible Gold and Responsible Silver Guidance, OECD Annex II risks as well as broader ESG considerations.

The Responsible Metals and Supply Chain Policy is publicly available on our website and is reviewed on an annual basis.

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

Comments and Demonstration of Compliance:

The Perth Mint Refinery's Responsible Sourcing and Supply Chain Management System (**Management System**) streamlines the precious metal supply chain by communicating supplier due diligence requirements in order to maintain compliance with the Responsible Metals and Supply Chain Policy along with the standards required under the LBMA's Responsible Sourcing Programme and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict and High-Risk Areas. Additionally, the Management System defines our corporate governance, roles and responsibilities, regulatory obligations/accreditations, ongoing due diligence obligations, and risk assessment procedure to ensure the precious metal in our supply chain is sourced from ethical avenues.

The management System commands a comprehensive due diligence process which ensures supply chain accountability and traceability and encompasses ongoing risk assessments. In addition to the AML/CTF, other risk assessments and due diligence (including ESG and Artisanal and Small Mining (ASM) activity risk assessments) are undertaken on each supplier to ensure that we are sourcing feed consistent with our Responsible Sourcing Policy. In association with the KYC assessment, this is



undertaken prior to the commencement of the business relationship as well as at regular intervals during the relationship. The Management System follows the requirements of the LBMA Responsible Sourcing Programme: Responsible Gold Guidance Version 8 and the Responsible Silver Guidance Version 1, and the Five Step Framework for Risk-Based Due Diligence in the Mineral Supply Chain from the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

The Management System is reviewed and updated on an ongoing basis. The Perth Mint has adopted the continuous improvement (CI) methodology to identify and act upon opportunities of improvement and to ensure that such changes are reflected in the Management System to reflect current business strategy. CI enables The Perth Mint to achieve incremental improvements in our risk management practices, stay current with the market trends and implement any Audit recommendations.

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

Comments and Demonstration of Compliance:

The Perth Mint has established a strong internal system of due diligence, controls and transparency over gold and silver supply chains, including traceability and identification of other supply chain actors.

Supply Chain Due Diligence Controls:

Our commitment to responsible sourcing of precious metals remained a key focus and was reinforced in FY2021 with the appointment of a Sustainable Supply Chain Manager to the Risk and Compliance team. The Sustainable Supply Chain Manager, part of Gold Corporation's Risk and Compliance team, reports to the Group Manager, Compliance & Regulatory Engagement (**Compliance Officer**) and is accountable to ensure that all aspects of the Management System and the Policy are implemented and adhered to. The Sustainable Supply Chain Manager ensures that the management stays current and up to date by doing research and implementing continuous improvement. Additionally, this role oversees the due diligence process by enforcing ongoing due diligence, maintaining and reviewing supplier relationships, and educating The Perth Mint on our Responsible Sourcing obligations. The Compliance Officer maintains effective oversight of the delivery and ongoing development of internal and external compliance frameworks by the compliance & regulatory engagement team to reflect regulatory and legislative obligations including AML/CTF, OECD/LBMA Responsible Sourcing program, International and domestic Privacy, Sanctions and Anti Bribery & Corruption.

Prior to commencing any form of supplier relationship, The Perth Mint considers it crucial to assess the jurisdictional risk of supplier's country of incorporation as well as the country of operation (actual location of the mine site). The Perth Mint ensures that for each supplier engagement, especially the overseas engagements, we have discussions relating to the on-the-ground mine site visits and assessments to observe operating conditions of the mine site and understand controls around gold production, security, logistics and check whether compliance is being maintained with the suppliers policies. The Perth Mint conducts such assessments for all suppliers operating in countries identified as 'high risk' or 'very high risk' in our JRA. In FY21, due to ongoing COVID-19 travel restrictions, The Perth Mint engaged with a third-party vendor to deliver these due diligence assessments. Due to travel restrictions, a hybrid assessment approach was adopted which involved commencing with a desk-based assessment of the suppliers mining operation, following with a site-based assessment upon lifting of the travel restrictions.

The Perth Mint is not allowed to establish a relationship with a country assessed as 'Outside Appetite' through the JRA. Based on the results, The Perth Mint conducts all necessary KYC checks and conducts ongoing due diligence in accordance with our Management System and AML/CTF Programme. This



occurs for all suppliers prior to offering a Refining Proposal for the gold or silver bearing material and providing a Designated Service as per AML & CTF requirements. This initial due diligence may be performed at an enhanced level depending on the risk assessment of the customer applicant and fulfils the Enhanced Due Diligence Requirements under AML & CTF obligations and, similarly, due diligence is undertaken on an ongoing basis throughout the life of the customer relationship and thereby fulfils the Ongoing Customer Due Diligence AML & CTF requirements.

Once all of the documentation is received, The Perth Mint reserves the right to individually assess the risk associated in dealing with individuals, companies or organisations and request further information or documents as deemed necessary to satisfy the Management System obligations, AML & CTF requirements and any associated responsible sourcing requirements, including environmental and social responsibilities.

The risk assessment is performed by the Risk and Compliance Team, who will then advise the Refinery whether to proceed to the Proposal and Agreement stage with the customer.

In FY21, The Perth Mint implemented a new gold and silver supplier due diligence programme, which identifies whether a new customer is an aggregator and (if it is) trigger tailored due diligence in relation to that supplier prior to a decision to take material from it. The Perth Mint also implemented improvements to its on-going gold and silver supplier programme to ensure a change in a supplier's risk profile is identified promptly and that this will trigger tailored due diligence. The Risk and Compliance team conducts a Jurisdiction Risk Assessment (JRA) on countries to identify and assess the level of associated Responsible Sourcing and AML/CTF risk to The Perth Mint. The JRA is key to the ongoing due diligence processes and is refreshed at least annually or upon Senior Management's request. The jurisdiction's risk rating is generated by collating and analysing an array of data from multiple sources.

The Perth Mint uses a third party ESG assessment platform, Thomson Reuters Eikon, to provide up to date data on the ESG performance of its gold and silver supplying counter parties. This platform provides an overall risk rating for the counter party based on a range of prescriptive assessment criteria. The overall ESG score is considered as part of the full counter party risk assessment.

The Perth Mint's enabling legislation is the Gold Corporation Act 1987, which confers rights and powers on The Perth Mint to establish cooperative arrangements with State and Federal governments and law enforcement agencies to assist in supply chain due diligence processes. The Perth Mint cooperates fully with the Australian Transaction Reports and Analysis Centre (AUSTRAC), the Australian AML/CTF regulator and other agencies for the reporting of suspicious matters identified in precious metals supply chains.

Traceability, transparency, and identification of actors in the supply chain:

The Perth Mint has controls in place so that each deposit of Gold or Silver bearing material is assigned a Unique Reference Number on receipt, referencing the client's item identification. Each Gold or Silver supplying counterparty also has a unique identifier. All information is stored in our central database system.

Unique Reference Numbers correspond to supply chain information gathered for each deposit of Gold or Silver bearing material. Since reference numbers include client identification, it is easy to match The Perth Mint Refinery's identification to client identification. Traceability is easily achieved. As a Trading Entity of the Government of Western Australia, the Perth Mint is compliant with the *State Records Act 2000* (Western Australian legislation) and works collaboratively with the State Records Office of Western Australia to ensure that The Perth Mint's record keeping plans and systems maintain compliance with regulations and government best practice. The Perth Mint also has maintained its records in compliance with the Australian *Anti-Money Laundering & Counter-Terrorism (AML/CTF)*



Financing Act 2006 and Rules. At a minimum this requires The Perth Mint to retain its transactional records for a period of 7 years after it ceases to deal with a client.

The Perth Mint only processes mined and recycled material. This is identified within our system as Primary (mined) or Secondary (recycled, as bullion, minted product, scrap or jewellery) with different codes for secondary depending on type of material. All payments to gold and silver supplying counterparties are made through official banking channels. Gold Corporation's financial system is also regularly audited by an independent auditing firm.

Suppliers are required to submit a country of origin declaration along with shipment/transportation documents and relevant Government issued mine of origin certificate and export document. This information is maintained within our traceability systems as well as central library in accordance with the *State Records Act 2000*.

Compulsory Responsible Metals training is assigned to all staff and contractors at the Refinery, The Perth Mint Shop and other relevant business are required to undertake this training every year.

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

Comments and Demonstration of Compliance:

The Perth Mint has strengthened company engagement with Gold and Silver supplying counterparties and, where possible, assisted Gold and Silver supplying counterparties in building due diligence capabilities.

The Perth Mint's approach in managing conflict minerals in supply chain, as outlined in the Responsible Metals and Supply Chain Policy, is aligned with the model set out in Annex II of the OECD Guidance. All gold and silver supplying counterparties receive a copy of our Responsible Metals and Supply Chain Policy at the onboarding stage to ensure compliance at the beginning of the relationship.

The Perth Mint has a strong customer base build over many years of engagement, trust and mutual recognition. As part of the ongoing engagement with our gold supplying counter parties, The Perth Mint assists with the reduction of harmful and toxic metals and compounds within their shipments. On an annual basis, The Perth Mint conducts an Inductively Coupled Plasma Mass Spectrometry (ICP-MS) scan which details impurities found in leach & gravity bars from our counterparty to analyses all material entering our supply chain. This process highlights the elevated levels of deleterious elements that may be potentially hazardous to operators on melting. Any identified issues are communicated to the General Manager, Refining who assesses the risks and communicates the issue with the counterparty. Identification of harmful elements such as mercury in potential supply can result in removal of such feed.

The Perth Mint conducts on-the-ground mine site visit and assessments for all suppliers operating in countries identified as high risk or very high risk in our JRA. This is done to observe operating conditions of the mine site and understand controls around gold production, security, logistics and check whether compliance is being maintained with the supplier's policies. These assessments are performed in line with the LBMA Refiners Toolkit as a minimum requirement and assessing additional areas based on supplier's situation.

When engaging with customers, The Perth Mint provides guidance to support and improve customer practices. This is especially evident in our Assay team working with Gold and Silver supplying counterparties to lower contamination in their deposits and practices. Members of the Leadership Team meet on a fortnightly basis to discuss customer management and engagement.



All precious metal supplying counterparties are required to be onboarded in accordance with the New Customer & Refining Agreement Procedure. This involves completing a KYC New Customer Application which assesses customers based on AML, CTF as well as social and environmental responsibilities. Counterparties who do not meet the requirements of our risk assessments are not onboarded. Our KYC New Customer Application requested extensive information from our precious metal supplying counterparties, including but not limited to company and corporate information, the country of origin, source and type of metal, responsible metals and corporate social responsibility information, AML, anti-bribery and corruption and sanctions law information. The application and all supporting documentation are then reviewed, assessed and maintained by our Risk and Compliance team in a central database.

All our Proposal and Refining Agreement templates reference LBMA Good Delivery and contain relevant clauses detailing responsible metal requirements of both The Perth Mint and the gold/silver supplying counterparty. The Responsible Metals clause in the Refining Agreement specifically states the Company (precious metal supplying counterparty) agrees to assess its business practices in accordance with the LBMA Standards and if necessary, improvement measures to ensure compliance. It also ensures that Country of Origin is provided, and any suspect materials may not be processed. Failure to comply with the LBMA Standards is considered a breach of contract. This clause is in both mined metal and scrap material contracts.

In FY21, The Perth Mint prepared a human rights policy commitment to be incorporated in refinery agreements with new suppliers going forward, and current suppliers as contract arrangements are renewed. This will require suppliers to adhere to appropriate human rights standards, in addition to broader ESG standards, and to report on compliance, with consequences for failure to do so. In October 2020, The Perth Mint communicated its expectations on its requirements for Supply Chain practices to its counter parties through an Ethical Standards Letter. As part of our commitment to these standards we aim to partner with our customers to ensure a supply chain that is committed to the ethical sourcing of materials and products, is free from unethical business practices, and is respectful of human rights. Customers who compromise their commitment to ethical business practices, conflict-free sourcing, and human rights compromise their ongoing business with The Perth Mint. The letter clarified our commitment and expectations on not only our business activities but also those of our customers and other business partners.

Additionally, in FY21, The Perth Mint drafted and included a Corporate Social Responsibility (CSR) Obligations clause to ensure that each party takes all reasonable and proportionate actions to ensure its operations and supply chains comply substantially with the Corporate Social Responsibility Obligations and agrees to assess its operations and supply chain, and those of its subcontractors and suppliers, from time to time in accordance with the Corporate Social Responsibility Obligations and implement any necessary improvement measures to ensure compliance.

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

Comments and Demonstration of Compliance:

The Perth Mint is committed to a culture of respect and ethical conduct in the way we work and relate to each other. We recognise the value of keeping the laws and standards that apply to us in our work and encourage everyone to report misconduct. The Perth Mint will not tolerate corrupt, illegal or other undesirable conduct nor condone victimisation of anyone who intends to disclose or has disclosed misconduct.



The Perth Mint has following mechanisms in place for employees to voice concerns over the any identified risk or misconduct.

- Employee Feedback/Complaints Box: The Perth Mint has a physical box for concerns to be voiced anonymously and is essentially relevant for the staff who does not have access to technology during workhours. These complaints are reviewed and addressed by the General Manager.
- Whistle-blower Hotline: Independent whistle-blower service provider - Your Call. Your Call operates under a Service Agreement with Gold Corporation and acts as the intermediary, providing the means for a whistle-blower to retain anonymity. Disclosures received by Your Call are reported to The Perth Mint in accordance with our Whistleblowing Policy. Your Call also enables The Perth Mint to obtain further information if required and enables the whistle-blower to receive updates from us.
- Disclosure Officers: The Whistleblowing Policy also provides a list of Disclosure Officers to whom the staff may make a disclosure. Their contact details are available in the policy. A physical copy of the Whistleblowing Policy is displayed on the Refinery's notice board.

The Perth Mint's Whistle-blower Program allows any employee or external stakeholder to anonymously voice concerns including over the gold and silver supply chains or any identified risk.

Employees are aware of the communication mechanism with management. Concerns or issues from employees are encouraged to be raised with the direct Supervisor, the Production Manager and the General Manager. Discussions are also held at toolbox talks. This information is reiterated via the annual Responsible Metals training. Any relevant Responsible Sourcing concerns or issue can also be reported to the Sustainable Supply Chain Manager or the Compliance Officer.

The Management System identifies the procedure for non-compliant conditions. Previous evidence indicates employees have raised concerns about suspicious items which have been managed effectively.

In October 2020, The Perth Mint extended the operation of its grievance policy and procedures to external stakeholders so that any human rights issues arising from its gold or silver supply chain can be communicated to The Perth Mint.



Step 2: Identify and assess risk in the supply chain

Compliance Statement with Requirement:

During the period of FY20/21, The Perth Mint has fully complied with Step 2: Identify and assess risks in the supply chain.

1. Does the Refiner have a process to identify risks in the supply chain?

Comments and Demonstration of Compliance:

The Perth Mint's approach in managing conflict minerals in supply chain, as outlined in the Responsible Metals and Supply Chain Policy, is compliant with the standards required under the LBMA's Responsible Sourcing Programme and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict and High-Risk Areas. The Responsible Metals and Supply Chain Policy is provided to the supplier prior to entering any business relationship.

The Perth Mint has a formal Risk Management Policy and Framework which govern key risk management principles as defined in AS/NZS ISO 31000:2018 to ensure that risk management is an integral part of all organisational activities.

The Risk Management Framework breaks down the Risk Management process into 5 steps:

- Step 1: Establish the Context
- Step 2: Identify risks
- Step 3: Analyse Risk
- Step 4: Evaluate Risk
- Step 5: Treat risk

The risk assessment process as described in the Management System is governed by the Risk Management Framework and defines a systematic supplier risk assessment process to comply with LBMA's Responsible Gold and Silver Guidance and our regulatory obligations. The risk assessment process is based on a 5*5 matrix which uses the product of 'Supplier's Country of Incorporation Risk' and 'Supplier's Country of Operation Risk'. Due Diligence outcomes are determined based on supplier's resultant final risk rating. The jurisdiction's risk rating is generated by collating the data from the sources as mentioned in [Step 1. Question 3.](#)

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

Comments and Demonstration of Compliance:

The Perth Mint assesses risks in light of the standards of our due diligence system and conducts supply chain due diligence following a risk-based approach, which includes all measures required by the LBMA Responsible Gold and Silver Guidance, before entering a business relationship with precious metal supplying counterparty. The Responsible Metals and Supply Chain Policy is provided to the supplier prior to entering any business relationship.

The Perth Mint has systems and processes in place to perform due diligence for all risk categories and enforces enhanced due diligence obligations for precious metal originating from or transit via a conflict-affected high-risk area or an area identified as High or Very High Risk under our JRA. Such due diligence includes (but not limited to) performing supply chain and onsite assessments, reassessing the business relationship, as well as conducting appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship.



The risk assessment procedure focuses on responsible sourcing obligations, AML/KYC/CTF checks along with other risk assessments and due diligence undertaken on each refining counterparty to ensure that the Perth Mint is sourcing feed consistent with its Responsible Metals and Supply Chain Policy. The Risk and Compliance team is responsible for risk assessments to ensure we understand the potential risks regarding our customer/supplier relationships, whether they relate to human rights issues including modern slavery, bribery and corruption, money laundering, trade sanctions, denied party transactions, other financial crimes or other reputational risks.

Due diligence checks are performed for all new as well as existing suppliers. We conduct system-based monitoring on relevant suppliers centrally and where applicable, we keep a close eye on enforcement actions, sanctions-related alerts and significant changes in counterparty data. All precious metal supplying counterparties, regardless of the size of the miner, are reviewed in The Perth Mint annual customer risk assessment. Ongoing or enhanced due diligence is required for any business changes, including but not limited to changes in operational details, ownership and signatories. If a risk causing/feeding direct or indirect conflict to The Perth Mint's supply chain is identified, all relationships will be paused and a Supplier Relationship Review will be initiated. Further investigation will be conducted internally as well as with the supplier. If required, an Improvement Plans will be enacted to ensure that the Perth Mint's supply chain remains free of conflict metal and in-line with the LBMA and OECD requirements. Upon completion of this review, a report with summary of findings and recommendations is presented to The Perth Mint's Enterprise Risk Committee (ERC) chaired by the Chief Risk Officer for decision making purposes. The ERC was established in May 2021 to discuss and review The Perth Mint's risk and compliance matters.

The Perth Mint has also established the following procedure to identify and manage ASM risk in our supply chain:

- supplier questionnaires will identify potential suppliers of ASM gold/silver.
- potential suppliers of ASM gold/silver will be assessed by reference to risk-sensitivity analysis of the type of company, the business relationship, transaction type, location of the supplier or transit zones.
- potential suppliers of ASM gold/silver will be subject to tailored ASM-related due diligence; and
- open source information and market intelligence from credible sources to refresh and feed into the assessment of ASM risk.

During FY21, The Perth Mint did not accept mined gold/silver from overseas ASM miners due to change within the internal risk appetite.

Our due diligence systems are reviewed and updated on an annual basis. Any amendments are communicated with the staff. The Perth Mint also undertakes ongoing due diligence activities on its gold and silver supply chain counter parties throughout the course of its relationship with the counter party. The due diligence activities are commensurate with the counter party's level of assessed risk.



Additionally, The Perth Mint implemented the following procedures in relation to risk management:

- suppliers from *High Risk* or *Very-High Risk* jurisdiction would be subject to an on-site visit and assessment. The on-site assessment will be conducted in accordance with the LBMA's Refiners Toolkit - Responsible Sourcing Programme Site Visit Report.
- where the risk assessment identifies a potential supplier as *Outside Appetite*, The Perth Mint will not engage in any relationship with that supplier
- periodic monitoring of The Perth Mint Refinery's precious metals suppliers and jurisdictional risk ratings to ensure any change in a supplier's or a jurisdiction's risk profile is identified promptly and triggers appropriate due diligence obligations.

3. Does the Refiner report risk assessment to the designated manager?

Comments and Demonstration of Compliance:

The Perth Mint reports risk assessments to the ERC which holds the ultimate authority to make supplier relationship related decisions. A supplier risk assessment update is provided to the ERC in the monthly meetings. Only the ERC has the authority approve a precious metal supplier operating from jurisdiction deemed as high risk or above.



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

Compliance Statement with Requirement:

The Perth Mint has fully complied with Step 3: Design and implement a management system to respond to identified risks.

1. 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?

Comments and Demonstration of Compliance:

The Perth Mint has devised and adopted an appropriate strategy for risk management of any identified risk based on the standards and expectations set out in the Policy and Management System along with The Perth Mint's Risk Management Policy and Risk Management Framework. Due diligence checks are performed for all new suppliers meeting the KYC risk criteria, as well as for renewals of contracts and engagements with existing suppliers. The Perth Mint conducts system-based monitoring on relevant suppliers centrally and where applicable, we keep a close eye on enforcement actions, sanctions-related alerts and significant changes in counterparty data.

In addition, Clause 26 Responsible Sourcing is included in every Refining Agreement which makes our suppliers obligatory to ensuring that their business practices are consistent with the LBMA Standards. The strategy in managing conflict minerals in supply chain, outlined in the Responsible Metals and Supply Chain Policy, is aligned with the model set out in Annex II of the OECD Guidance. In the event of an identified risk, the Sustainable Supply Chain Manager will be notified and the Contracts Specialist will require the supplier to declare that the raw material meets the requirements of the OECD Guidance. If the raw material does not meet the OECD and LBMA Guidance requirements, The Perth Mint could choose to disengage from the risk.

The strategy created allows The Perth Mint to manage identified risk through rigorous risk assessment and investigation (enhanced due diligence) prior to engaging any business relationship with a precious metal supplying counterparty.

In FY21, The Perth Mint implemented a policy such that, in the event there is an actual human rights violation involving a supplier, The Perth Mint actively will engage with that supplier in relation to the incident, and will require that the supplier address the violation and demonstrate that it has been addressed in order to avoid contractual remedies exercisable by The Perth Mint. The Perth Mint is committed to working with its counter parties to promote responsible sourcing practices throughout the supply chain and assist gold or silver supplying counterparties in improving their responsible supply chain practices. If after further ongoing collaboration and engagement with the supplier appropriate remedial action items are not undertaken, The Perth Mint will cease the business relationship with the supplier and where appropriate notify appropriate regulatory and governing associations or bodies.

As stated in [Step 2. Question 2](#), if a risk causing/feeding direct or indirect conflict in The Perth Mint's supply chain is identified, all relationships will be paused and a Supplier Relationship Review will be initiated. Further investigation will be conducted internally as well as with the supplier. If required, an Improvement Plans will be enacted to ensure that the Perth Mint's supply chain remains free of conflict metal and in-line with the LBMA and OECD requirements. Upon completion of this review, a report with summary of findings and recommendations is presented to The Perth Mint's Enterprise Risk Committee (ERC), chaired by the Chief Risk Officer, for decision making purposes.



2. 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.

Comments and Demonstration of Compliance:

The Perth Mint maintains a strategy of risk mitigation that includes measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.

If the due diligence carried out concludes that *there is evidence* that a business or actor in a precious metal supply chain engages in money laundering, terrorist financing, contribution to conflict, human right abuses, or if the possibility of the same is deemed too high, the risk mitigation strategy requires the Refiner to stop refining such precious metal immediately.

If the due diligence carried out concludes that *it is possible* for an actor in a precious metal supply chain to directly or indirectly, engage in money laundering, terrorist financing, contribution to conflict, human right abuses, or breaches to environmental or health and safety legislation, the risk mitigation strategy requires the Refiner to suspend refining precious metal from this provenance until it can obtain additional information or data refuting or confirming the preliminary findings.

It is indicated in the Refining Agreement that suspicion of AML/CTF activities, or failure to comply with the LBMA standards and guidance, may breach contract. The Perth Mint would take all steps to obtain details or cease activities.

Materials in the above-mentioned cases would be quarantined pending further investigation and/or they would be returned to the Gold or Silver supplying counterparties. This is documented in the Management System.

The process for quarantined material is that The Perth Mint will either accept material and inform the Australian Federal Police or return material to counterparty unless indicated otherwise by authorities. This is documented in the Management System.

In order to determine whether a business relationship should be terminated, The Perth Mint relies on the conditions of the Refining Agreement or Refining Proposal which identifies requirements and breach issues. Ultimately the decision to terminate a business relationship lies with the Chief Executive Officer. It is documented in the Management System that the counterparty would be notified in writing, and breach conditions would be referenced.

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

Compliance Statement with Requirement:

The Perth Mint has fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

Comments and Demonstration of Compliance:

The Perth Mint has engaged the services of the LBMA approved assurance provider Deloitte, Italy. The Perth Mint will publish the independent assurance report on our website www.perthmint.com under the Responsible Metals section, when available.



Step 5: Report on supply chain due diligence

Compliance Statement with Requirement:

The Perth Mint has fully complied with Step 5: Report on supply chain due diligence

Comments and Demonstration of Compliance:

Further information and specific details of how The Perth Mint Refinery's systems, procedures, processes and controls have been implemented to align to the specific requirements in the LBMA Responsible Gold and Silver Guidance have been set out in our Responsible Metals and Supply Main Management System (for internal use) and our [Responsible Metals and Supply Chain Policy](#), which is publicly available.



The Perth Mint Refinery's overall conclusion

Management Conclusion:

The Perth Mint abides by the Responsible Gold Guidance and Responsible Silver Guidance set by the London Bullion Market Association (LBMA) and by the standards described in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and has implemented effective policies, management systems, procedures and practices to ensure we conform to these requirements. The Perth Mint also conforms to the framework established by the World Gold Council's Responsible Gold Mining Principles in terms of our assessment of primary gold suppliers globally. Regarding our material topics, we do and will continue to assess them in alignment with the United Nations (UN) Sustainable Development Goals (SDGs).

The Perth Mint is committed to continuous improvement of our Responsible Sourcing obligation and business practices. Any audit recommendations identified will be implemented in the following reporting period. Over the assessment period, The Perth Mint has converted project plans into actions to fully comply with Corrective Action Plan (CAP) requirement and strengthen the Supply Chain Management system. This has improved The Perth Mint's supplier risk assessment and enhanced counter party due diligence processes which focus not only on ethical Human Rights practices but also broader sustainability considerations.

Our values are at the heart of our organisation and drive how we deal with each other, how we make decisions and with whom we will – and importantly – will not do business. Our focus in 2020/21 has been on improving our approach to environmental, governance matters and introducing sustainability across our business, embodied in a single phrase – our desire to do the right thing. A culture of responsibility is embedded throughout The Perth Mint and is reflected in how we source our precious metals, how we treat our natural environment, and how we treat each other. As individuals within a team we are all responsible for the work we do, as well as the quality of the products and services to which we are proud to put our name. We seek to build strong relationships based on trust and respect, minimise any negative impacts, and maximise the benefits of our operations for current and future generations. We are committed to the responsible sourcing of precious metals in the form of newly mined and scrap material, as well as other inputs required for our processes.