

Assunto	Data de Emissão	Edição	Folha
<b>4.2 PUBLIC DUE DILIGENCE REPORT</b>	<b>July/22</b>	<b>V2.0</b>	<b>1 / 7</b>

July 29th, 2022

## **1- Company Information:**

Company Name: Marsam Refinadora de Metais Ltda.

The Responsible Sourcing Initiative CID number is CID002606

Head offices is located at: Rua Antonio das Chagas, 1733, São Paulo, SP Brazil.

The company was established in 1997 under the name of UBR (Brazilian Union Refiners) as a merger of three other refiners: (i) Vanity Metals founded in 1982, (ii) Goldmine Refiner founded in 1984 and (iii) Ourinvest Refiner founded in 1981.

The company engages in refining gold and other precious metals for third parties. It does not purchase gold or any other precious metals and does not take title of the refined materials. The company processes dore gold, fine gold bars and scrap jewelry.

The company's portfolio of clients includes mining companies, financial Institutions, precious metals brokers, jeweler manufacturers, jeweler retailers, import and export companies, scrap gold buyers, investors, among others.

This report covers calendar year 2021.

## **2- Responsible Minerals Assurance Process (RMA) Assessment Summary**

Marsam refinery has been audited for the first time, under CSFI protocol for the period of 01/01/2016 through 31/03/2017. The assessment was conducted by Intertek do Brazil on March 27, 2017. The final report was issued on March 31st, 2017.

Subsequently the company has been audited under the new RMI protocol for the period of 04/01/2017 through 31/05/2018. The assessment was conducted by UL Responsible Sourcing (formerly STR Responsible Sourcing) on June 14 and 15, 2018. The final report was issued on September 7, 2018.

Assunto	Data de Emissão	Edição	Folha
<b>4.2 PUBLIC DUE DILIGENCE REPORT</b>	<b>July/22</b>	<b>V2.0</b>	<b>2 / 7</b>

Following 2018 audit, on 2019 an off-Year RMAP Conformance remote audit process conducted on July 2019, and final “conformance status” granted by email on July 23, 2019, by Ms. Catherine Tyson, RMI program manager.

Another onsite RMAP audit took place on October 2021, for the period from 06/01/2018 to 07/31/2021, conducted by Arche Advisors from 10/13/2021 to 10/20/2021. The final report was issued on 05/10/2022 and a Corrective Action Plan initiated to address each of the auditor’s findings.

The RMAP assessment reports are available at:

<http://www.responsiblemineralsinitiative.org> and

<http://www.marsamrefinadora.com.br>

### **3- Company Supply Chain Policy**

The company has implemented a Supply Chain Policy since 2013, with specific focus on avoid processing of any precious metals that potentially could be classify as conflicted material. Supply Chain Marsam’s Policy last update was on July2022, policy is in line with OECD Annex II requirements.

Supply Chain Marsam’s Policy is clearly communicated to stakeholders and its employees, covering not only gold, but all others precious metals, and is available at [www.marsamrefinadora.com.br](http://www.marsamrefinadora.com.br) .

The Policy next scheduled review is for 2023Q3, aligned with Board commitment for continuous improvement on adherence to Marsam’s operational procedures and focus to fast address anyidentified red-flags or risks due to regulatory environment changes.

Assunto	Data de Emissão	Edição	Folha
<b>4.2 PUBLIC DUE DILIGENCE REPORT</b>	<b>July/22</b>	<b>V2.0</b>	<b>3 / 7</b>

## 4- Company Management System

### a- Management Structure

The company has an Internal Procedures Manual (“MCI”), for implementing Know Your Client (KYC), Know Your Employee (KYE), Know your Supplier (KYS), Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF), Anti-Bribery policies, Code of Ethics and Supply Chain Policy and procedures (ID CAHRAs, RED FLAGS, RISK MITIGATION, etc.).

The following Managerial responsibilities are defined in the Manual:

- Board of Directors: responsible to oversee the implementation of the policies, and specific responsible for Risk Mitigation Strategy and action plans execution.
- Plant Manager: responsible to implement and to review the day-to-day due diligence process.
- Internal Compliance Committee (CIC): responsible for the day-to-day due diligence process, red flags enhanced due diligence process, risk classification, compliance analysis and reports, policies, and procedures review.
- Commercial Department is responsible to develop the KYC processes and evaluate clients’ Supply Chain policies and programs, and to conduct onsite risk assessments.

Training sessions are conducted annually all staff members; last training sessions took place on December 2021.

The company has redefined its internal compliance process to be align with the RMI’s Responsible Minerals Assurance Process (RMAP), Gold Refiner Standard, in February of 2018 and reviewed process and procedures in December 2019, July 2021 and July 2022.

Assunto	Data de Emissão	Edição	Folha
4.2 PUBLIC DUE DILIGENCE REPORT	July/22	V2.0	4 / 7

Independent External Audit is in place for yearly reviews of internal procedures and policies adherence, last report available based on 2021 fiscal year.

### **b- Internal Controlling Systems**

The company reviews the KYC related documentation of its clients approximately once every 24 months, to update client's KYC status.

Regular Compliance Committee meetings are held to review all active client's volumes, KYC, AML, CTF and Client's Origin Declarations to check if all client's precious metals processes during the analysis period are aligned with company and international standards.

Documents for each Compliance Committee meetings are maintained on company on records for at least five years. Any atypical or suspicious activity should be mandatory communicate to Brazilian Financial Intelligence Unit (COAF/MF) and to the Executive Board.

In July 2022, new internal procedures were defined for Red Flags and Risk Identification, Onsite Risk Assessment and Risk Mitigation aligned with OECD due diligence guidance and other potential risks defined as relevant by Marsam for its supply chain. Enhanced due diligence procedure is mandatory for all red flags and supply chain risks identified.

, onsite risk assessment methodology and sampling criteria for visits are under Internal Compliance Committee responsibilities.

For the clients who had red flags and potential risks identified, KYC should be review every 12(twelve) months and an onsite risk assessment could apply, which sampling criteria are under Internal Compliance Committee responsibilities, and may include client internal control procedures verification, existence of Compliance department and its KYC, AML, CFT, Anti-Bribery and Supply Chain policies, suspicious of human rights violations, slave labor, child labor, presence of armed conflict or private or public security forces, any forms of extortion, within other crimes, on the extraction sites,

Assunto	Data de Emissão	Edição	Folha
<b>4.2 PUBLIC DUE DILIGENCE REPORT</b>	<b>July/22</b>	<b>V2.0</b>	<b>5 / 7</b>

transport routes and trading facilities of precious metals, resulting in a onsite risk assessment signed report, addressing client's suitability, red flags, identified risks of the client's materials and relevant public and grievance information.

Such report is use as a basis to establish client risk classification by Internal Compliance Committee, resting on Marsam's Executive Board the execution of Risk Mitigation Strategy and action plans, which may include suspension or termination of client's commercial relationship.

For all incoming precious metals of non-certified refiner, it is required that the client provide a certified signed statement of the origin of the material, where clients are required to confirm that the all-incoming material complies with OECD policies and do not come from conflicted-affected or high-risk areas (CAHRAs). For clients sourcing from LSM and ASM, each mining license number should be informed on the statement of the origin of the material.

For all incoming precious metals classified as High-Risk, segregated processing is required, and individualized identification as High-Risk is applicable.

Risk mitigation strategy includes EDD for red-flags and risk identified clients, risk classification by CIC, 180 days risk mitigation action plan, action plan performance and effectiveness measurements, determination on continuing or terminating the business relationship, full process record keeping and disclosure at Public Due Diligence Report and to Auditors.

As part of the management review process, company has hired consultancy services from Responsible Trade, LLC to review and audit its practices and to assure it is aligned with the OECD due diligence standards and RMAP Gold Standard.

### **c- Record Keeping**

All client's and company invoices are electronically registered in its accounting system and records are kept for at least five years.

All files and Compliance Committee reports are maintained for at least five years.

Assunto	Data de Emissão	Edição	Folha
<b>4.2 PUBLIC DUE DILIGENCE REPORT</b>	<b>July/22</b>	<b>V2.0</b>	<b>6 / 7</b>

In addition to the RMI's RMAP process, Marsam does an annual evaluation review of its systems and processes, aiming at its improvement. The company also maintain an external auditor for its financial and accounting systems.

These Auditors also perform a physical mass balance annually and accompanies the annual inventory. At this inventory, a physical counting of the materials is performed and compared with internal accounting records and operational controls.

### **5- Risk Identification**

Marsam only processes material that comes from Brazil. For all incoming shipments of non-certified refiners, it is required that clients provide a certified signed statement of the shipped material (Precious Metals Origin Declaration).

Regular Compliance Committee meetings are held to identify any inconsistencies, red-flags or potential risks.

At least every 24 months, all active client's KYC are updated, or in shorter periods for high-risk classification clients.

Prior to acceptance of any new client, Marsam conducts a KYC and DD evaluation process, verifying clients' legal status, final beneficiary owners, source of funds, existence, and commitment to a Supply Chain Policy compatible with OECD's requirements, existence, and commitment to an AML, CTF and Anti-Bribery Policies compatible with Brazilian Laws, an assessment about the kind and the amounts of materials to be sent to Marsam (primary mine material, artisanal miners' material, scrap material and/or fine gold) and a media research to identify potential or allegations of reputational or criminal issues.

For red flags or potential risk clients, an enhanced due diligence is mandatory, which parameters, methodology and sampling definitions are under Internal Compliance Committee responsibilities, who also is responsible for final client risk classification.

Assunto	Data de Emissão	Edição	Folha
<b>4.2 PUBLIC DUE DILIGENCE REPORT</b>	<b>July/22</b>	<b>V2.0</b>	<b>7 / 7</b>

Any inconsistencies, red flag, potential risks, grievances, or media claims identified on clients file review or on the day-to-day relationship are communicated to clients for clarification and or mitigation, if needed.

Eventually, if high-risk clients are identified, Marsam's Executive Board should decide on client's relationship suspension or termination, and on risk mitigation plan implementation.

All identified risks are communicated to the internal Compliance Committee.

No red-flags as defined by the OECD Annex II and Gold supplement have been identified so far, but some others supply chain potential risks were identified, related to ASM sourcing, and are under Internal Compliance Committee review for appropriate measures.

## **6- Public Reporting**

The annual report that conforms to RMAP Gold Standard and OECD due diligence requirements are available on company's website ([www.marsam.com.br](http://www.marsam.com.br)) along with a summary copy of the RMAP audit assessment report and updated company's Supply Chain Policy.