

The Perth Mint Refinery

Compliance Report

LBMA Responsible Sourcing Programme
FY 2022



ACKNOWLEDGMENT OF COUNTRY

We acknowledge the Traditional Owners of the land on which our business operates and of the 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	1 July 2021 – 30 June 2022
Prepared By	Amy Ika Acting Group Manager Compliance
Review By	Nick Foster General Counsel (Compliance Officer)
Approved By	Jason Waters Chief Executive Officer
Location	Perth, Western Australia
Date of Report	28 March 2023
Combined Report	This report addresses Responsible Gold Guidance (RGG) and 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 practices.

Gold Corporation, trading as The Perth Mint (**The Perth Mint**), is the parent company of a group of companies, including two subsidiaries: Western Australian Mint and GoldCorp Australia, which operate a vertically integrated precious metals enterprise. The Perth Mint operates across the precious metals value chain and includes manufacturing, investment and storage business functions.

The Perth Mint also operates a refinery (**Refinery**), which is a Good Delivery Refiner for gold and silver. This report summarises how the Refinery has operated in compliance with the requirements of both the LBMA Responsible Gold Guidance version 8 (**RGG 8**) and the Responsible Silver Guidance version 1 (**RSG 1**).



Responsible Sourcing Programme Commitment

The LBMA's Responsible Sourcing Programme was established in 2012 to consolidate, strengthen and formalise existing due diligence standards of refiners. The purpose of the Responsible Sourcing Programme is to ensure continuous improvement of responsible sourcing business practices and reassure users that metal provided by LBMA Good Delivery Refiners comes from supply chains free from human rights abuse and threat financing.

The Perth Mint has held LBMA accreditation since the inception of the Responsible Sourcing Programme. We are a certified refiner, weight master and assayer with the LBMA, giving our customers confidence in the stated weight, purity, and integrity of all our precious metal products.

Intercompany movements of precious metals are not considered lodgements within the scope and definitions of the LBMA Responsible Gold Guidance and Responsible Silver Guidance. There are occasional movements of metal between The Perth Mint's business functions (e.g. from the Refinery to The Perth Mint Shop). There are no movements of metal between the Depository and the Refinery. However, reject or unsold precious metal products produced by The Perth Mint are recycled through the Refinery.

The Perth Mint recognises the material risks associated with extracting, trading, handling, exporting and refining precious metals. These risks are heightened when the metals are sourced from conflict-affected and high-risk countries. Profits generated by these operations may directly or indirectly finance or facilitate conflict and contribute to 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 counterparties 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 counterparties' supply chains.

The Perth Mint is committed to respecting human rights and opposes slavery in all its forms. We endeavour to operate our business in a manner consistent with the United Nations Guiding Principles on Business and Human Rights, and with the Voluntary Principles on Security and Human Rights. The Perth Mint 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 (GTE) of the Western Australian Government governed by the *Gold Corporation Act 1987 (WA)*, The Perth Mint 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 corporate social responsibility and vision to be the sustainability benchmark for the precious metals industry, means that we publish an annual [Voluntary Modern Slavery Statement](#) describing the risks of modern slavery within our operations and supply chains and documenting the actions we are taking to assess, address and remediate these risks.

The Perth Mint's supply chain due diligence procedures are based on 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. However, The Perth Mint acknowledges some



partial non-compliance with RGG and RSG, details of which are set out in this report. We remain committed to continual improvement of our responsible sourcing obligations and maintain the highest level of leadership, integrity, and transparency in the global precious metals market.

During the period of this LBMA compliance assessment The Perth Mint received a compliance assessment report from the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) regarding compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**) and associated Rules.

In its compliance assessment report AUSTRAC noted concerns regarding The Perth Mint's compliance with certain of its obligations under the AML/CTF Act, including with regard to customer identification, customer risk assessment, ongoing and enhanced customer due diligence and transaction monitoring. We note the report by AUSTRAC relates to the whole of The Perth Mint business and not purely our refining operations. Most customer arrangements to which the AML/CTF obligations apply are downstream retail customer relationships, rather than those related to precious metal supply chain counterparties. However, obligations under the AML/CTF Act can also apply to our supply chain counterparties depending on whether The Perth Mint provides any designated services to them.

As a consequence of the compliance assessment report, AUSTRAC ordered the appointment of an external auditor authorised by it, to assess The Perth Mint's compliance with its obligations under the AML/CTF Act and associated Rules for the period between January 2021 and August 2022. The Perth Mint is working closely with the external auditor and expects the audit process to be completed by the middle of calendar year 2023.

We support the AUSTRAC's decision for The Perth Mint to appoint an external auditor as part of efforts to ensure that our AML/CTF program is robust and appropriate. We continue to collaborate closely with the external auditor in progressing the audit, with lodgement of the audit report with AUSTRAC scheduled for later this year.

In this context, there is the potential that the assessment undertaken by the external auditor will identify instances of non-compliance in The Perth Mint's implementation of its wider AML/CTF Program, currently not identified, that would also be relevant to the supply chain due diligence standards required under the LBMA's Responsible Sourcing Programme and which have not been reported in this Compliance Report. If any such matters are identified, The Perth Mint will develop a remediation plan to address those issues in FY24 (1st of July 2023- 30th of June 2024).

The Perth Mint is continually identifying areas for improvement, including addressing historic practices that are no longer fit for purpose and updating the way we engage with our counterparties. During the period of this LBMA compliance assessment The Perth Mint implemented an improved semi-automated transaction monitoring system for retail customer transactions. Following the end of FY22 The Perth Mint updated its AML/CTF Program and has made further improvements to its processes, including the introduction of a more sophisticated customer risk assessment tool and the creation of a centralised blacklist of counterparties which sit outside The Perth Mint's risk appetite. Further improvements are scheduled to be implemented, including refreshed KYC data for counterparties and the implementation of a new customer lifecycle management system with automated transaction monitoring.

The Perth Mint Board approved an AML/CTF Remediation Program in September 2022 (**Project**). The Project has been designed, with assistance from specialist professional advisor support, to deliver both short-term improvements to AML/CTF processes and systemic and technological changes that have longer lead times. The Perth Mint has a dedicated project team in place to deliver the Project and budgeted funding for the whole of the Project delivery timeline. We are confident our strong and focussed Project will address concerns identified by AUSTRAC in its compliance assessment report and



will be rescoped to include remediation of any additional issues identified by the external auditor. We note the scope of the external auditor's report includes an assessment of whether the scope and resourcing of the Project is appropriate. As at the date of this report a dedicated project team has been recruited, a standalone contact centre established, and the Project is running ahead of schedule.

In addition to the delivery of the Project, our refreshed Financial Crime, Risk and Compliance Team is focussed on working with the business to remediate historic non-compliance. Additionally, during the report period, leadership of The Perth Mint's internal Risk function was brought in-house. This change, along with delivery of the Project and uplifts to our AML/CTF Program across all applicable business units of The Perth Mint forms part of our strategy to drive cultural change and permanent transformation across the business.

Step 1: Establish strong company management systems

Compliance statement with requirement:

During the period of FY22, The Perth Mint has partially 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 and applies to all material, including mined and recycled gold and silver. The policy recognises The Perth Mint's responsibility to respect and uphold human rights, and its commitment to ensure our refining operations do not in any way facilitate conflict or related human rights violations. The policy also recognises The Perth Mint's commitment to complying with all applicable international standards and domestic legal obligations, including environmental and sustainability requirements.

In FY22, The Perth Mint undertook a review of its key environmental, social and governance (ESG) policies to ensure they align with best practice and with the way The Perth Mint seeks to conduct itself as it strives towards its vision to be the sustainability benchmark for the precious metals industry. The review was completed in late FY22 and the relevant policies are available publicly via our website. These policies 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 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's Responsible Metal and Supply Chain Management System (**Management System**) streamlines the precious metal supply chain by communicating counterparty due diligence requirements in order to maintain compliance with the 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-Affected and High-Risk Areas.

The Management System defines our corporate governance, roles and responsibilities, regulatory obligations/accreditations, ongoing due diligence obligations, and risk assessment procedures to ensure the precious metal in our supply chain is sourced from ethical avenues.

The Management System requires a comprehensive due diligence process which ensures supply chain accountability and traceability and encompasses ongoing risk assessments. In addition to the AML /CTF considerations, other risk assessments and due diligence (including ESG and Artisanal and Small Mining (ASM) activity risk assessments) are undertaken to ensure that we are sourcing feed consistent with our Policy. In association with the Know Your Customer (KYC) assessment, this is undertaken prior to the commencement of the business relationship. The Perth Mint formalised the approval of the latest version of the Management System, which was already in place operationally during FY22, shortly after the end of the financial year (year ended June 30, 2022). This latest version, which was formally approved by The Perth Mint Board at its quarterly meeting held in July 2022, follows the requirements of the LBMA Responsible Sourcing Programme RGG 9 (which includes RGG 8 requirements) and the RSG 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, with a full review completed at the beginning of FY23 as part of the change in leadership in the Responsible Metals Management Team and to meet requirements of RGG9. The Perth Mint has adopted a continuous improvement (CI) methodology to identify and act on opportunities of improvement and to ensure that such changes are reflected in the Management System and associated procedures in line with 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 an internal system of due diligence, controls, and transparency over gold and silver supply chains, including traceability and identification of other supply chain factors.

Supply Chain Due Diligence Controls:

The Perth Mint has continued its steadfast commitment to the sourcing of responsible metals in FY22. Recent changes in leadership have led to a review of our internal due diligence system and a renewed focus on key compliance requirements and increased collaboration between teams, including the refinery, risk and compliance, sustainability and legal.

During FY22 the role of Compliance Officer was elevated to an executive team member, as per the requirements of RGG9. This change supports increased scrutiny of responsible metals matters from the entire executive team, including the CEO, through regular discussions.

Prior to commencing any form of supplier relationship, The Perth Mint assesses the jurisdictional risk of supplier's country of incorporation as well the country where its mine site is located. The Perth Mint will not establish a relationship with suppliers operating in certain countries assessed as being outside of our risk appetite through the Jurisdictional Risk Assessment (JRA). The JRA is key to the due diligence processes and is refreshed at least annually or on senior management request. The jurisdiction's risk rating is generated by collating and analysing data from multiple sources.



Under our JRA process, The Perth Mint ensures that for each counterparty engagement, especially overseas engagements, we have discussions relating to 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 supplier's policies. The Perth Mint conducts such assessments for all counterparties operating in countries identified as "high risk" or "very high risk" in our JRA. The Perth Mint engages an independent auditor (**Mine Site Auditor**) to conduct these on-the-ground mine site assessments. The Mine Site Auditor provides The Perth Mint with a report of counterparty performance against various factors including social and environmental performance and possible non-compliance.

During FY22 The Perth Mint was not able to complete all of the on-the-ground mine site visits and assessments activities over suppliers operating in countries identified as "high risk" or "very high risk". The site visits were initially postponed due to ongoing COVID travel restrictions that continued to impede the ability of the Mine Site Auditor to conduct on-site assessments in the first half of FY22. However, following the management system procedure and the Audit Plan, assessments were conducted on four out of five higher risk mine sites. The remaining site was not audited in FY22 due to the identification of a potential conflict of interest with our prior Mine Site Auditors which required the appointment of a new auditor. The procurement process for the new Mine Site Auditor has been completed and the newly appointed Mine Site Auditors have commenced on-site audits in the 2023 calendar year, including completing an audit of the site which was not able to be audited in FY22.

Prior to onboarding any potential supplier, The Perth Mint conducts all necessary KYC checks and undertakes responsible sourcing due diligence in accordance with our Management System and AML/CTF Program. In FY22, The Perth Mint updated its responsible metals due diligence questionnaire to align to requirements of RGG9.

Once all new counterparty 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 process, as described in the Management System, is governed by the Risk Management Framework and defines a systematic process to assess the risk associated with counterparties as per the LBMA's Due Diligence checklist and our regulatory obligations. The process, which is completed by the Risk and Compliance Team, involves an assessment of documentation provided by the counterparty, and confirmation of the risk rating applied as per the JRA. The final risk rating applied to a counterparty is based on a 5*5 matrix using 'Supplier's Country of Incorporation Risk' and 'Supplier's Country of Operation Risk'. Due diligence outcomes are determined based on a supplier's final risk rating.

Initial counterparty due diligence may be enhanced depending on the risk assessment of the applicant. This fulfils the Enhanced Customer Due Diligence Requirements under AML/CTF obligations. Ongoing due diligence is undertaken throughout the counterparty relationship in line with the Ongoing Customer Due Diligence AML/CTF requirements.

The Perth Mint's records must be kept in accordance with The Perth Mint's Record Keeping Plan as required under the *State Records Act 2000* (WA) and the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth). As part of its continuous improvement process, The Perth Mint has updated record keeping procedures and internal governance in relation to Responsible Sourcing requirements to ensure compliance with these requirements as they pertain to new counterparties during FY22. The Perth Mint acknowledges however that practices and procedures related to counterparties onboarded before FY21 have resulted in some older records not being kept in accordance with these and LBMA



requirements. Historic practices and procedures, including those relating to record retention are currently being reviewed and, where necessary, any non-compliance is being remediated as part of the Project (more information at pages 3-5 of this report).

The Perth Mint's enabling legislation is the *Gold Corporation Act 1987* (WA), 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 AUSTRAC, the Australian AML/CTF regulator and other agencies for the reporting of suspicious matters identified in precious metals supply chains, as described in our Responsible Sourcing Programme commitment outlined in the Responsible Metals and Supply Chain Policy available on The Perth Mint website.

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

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

The Perth Mint has controls 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.

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 straightforward to match The Perth Mint Refinery's identification to client identification.

As a Government Trading Enterprise, The Perth Mint is subject to the *State Records Act 2000* (WA) and works collaboratively with the State Records Office of Western Australia to ensure that our record keeping plans and systems comply with regulations and government best practice. The Perth Mint is also required to maintain customer and transactional records in compliance with the *Anti-Money Laundering & Counter-Terrorism Financing Act 2006* (Cth) and *Anti-Money Laundering & Counter-Terrorism Financing Rules Instrument 2007 (No.1)* (Cth) (more information is provided at pages 3-5 of this report).

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. The Perth Mint's annual financial statements and performance indicators are 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 a central library in accordance with the *State Records Act 2000*.

Compulsory responsible metals training is undertaken by all staff and contractors at the Refinery.



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:

During FY22 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 to managing conflict minerals in supply chains, as outlined in the 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 the Policy at the onboarding stage to ensure compliance from the beginning.

The Perth Mint has a strong counterparty base built over many years of engagement, trust, and mutual recognition. As part of the ongoing engagement with our gold supplying counterparties, 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 scan which details impurities found in leach and gravity bars from our counterparty to analyse all material entering our supply chain. This process highlights any elevated levels of elements that may be potentially hazardous to operators on melting. Any identified issues are communicated to the General Manager Refinery, who assesses the risks and raises the issue with the counterparty. Identification of harmful elements such as mercury in the supply can result in removal of the metal feed.

The Perth Mint conducts on-the-ground mine site visits and assessments for all suppliers identified as 'high risk' or 'very high risk' under our JRA. This is done to observe operating conditions of the mine and understand controls around gold production, security and logistics and check whether compliance is being maintained in line with the supplier's policies. These assessments are performed by the Mine Site Auditor with the LBMA Refiners Toolkit as a minimum requirement and extended to additional areas based on the supplier's situation. As highlighted in Step 1. Question 3, during FY22 The Perth Mint was not able to complete all of the on-the-ground mine site visits and assessments activities over suppliers operating in countries identified as "high risk" or "very high risk".

When engaging with counterparties, The Perth Mint provides guidance to support and improve counterparty 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 counterparty management and engagement.

All new precious metal supplying counterparties are onboarded in accordance with our New Customer and Refining Agreement Procedure. This involves completing a KYC New Customer Application which assesses counterparties based on AML/CTF as well as ESG responsibilities. Counterparties who do not meet the requirements of our risk assessments are not onboarded. Our KYC New Customer Application requires extensive information from the applicant, including but not limited to company and corporate information, 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. The Perth Mint acknowledges some partial non-compliance with RGG and RSG with respect to practices and procedures related to the onboarding of counterparties before FY21. Furthermore, those partial non-compliances include shortcomings in the formal documentation of the assessment of the counterparties' risk based on the documentation requested at onboarding. Such practices and procedures are currently being reviewed and, where necessary, any historic non-compliance is being remediated as part of the Project (more information at pages 3-5 of this



report).

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 states that 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 FY22, The Perth Mint continued to roll out our enhanced Corporate Social Responsibility obligations clauses across our refining contracts. These require refining 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. Counterparties who compromise their commitment to ethical business practices, conflict-free sourcing and human rights put their ongoing business with The Perth Mint at risk.

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. We recognise the value and importance of employee and third-party contributions to enhancing administrative and management practices, and strongly support disclosures being made by staff and third parties about corrupt or other improper conduct relating to responsible metals and supply chain management.

The Perth Mint will not condone victimisation of anyone who intends to disclose or has disclosed misconduct. Our Whistleblower Policy allows employees and external stakeholders to anonymously voice concerns, including about gold and silver supply chains or another identified risk.

Detailed information about The Perth Mint's Whistleblower Policy and Public Interest Disclosure requirements, including information about misconduct and protections provided to whistleblowers, is available publicly at <https://www.perthmint.com/about/policy-and-governance/>.

To facilitate disclosures being made in a safe and confidential manner, a report can be made:

- internally to a nominated Disclosure Officer or a Property Authority
- via the independent Whistleblower 24/7 service provider 'Your Call' at <https://www.yourcall.com.au/report> Available 24/7 or 1300 790 228 to external authorities in accordance with the *Public Interest Disclosure Act 2003* (WA).

Disclosures can be made anonymously.

In addition to the Whistleblower Policy, employees are encouraged to report any concerns to management. In particular, concerns can be raised with an employee's direct supervisor, the production manager, or the general manager. This is communicated to employees via The Perth Mint's internal policies, discussions held at toolbox talks and via the annual responsible metals training. Any relevant Responsible Sourcing concerns or issue can also be reported to the Compliance Officer.

Step 2: Identify and assess risk in the supply chain

Compliance statement with requirement:

During FY22, The Perth Mint has partially complied with Step 2: Identify and assess risk 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 to managing conflict minerals in its supply chain, as outlined in the Responsible Metals and Supply Chain Policy, is based on the standards required under the LBMA's Responsible Sourcing Programme and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Policy is provided to the supplier prior to entering any business relationship.

The Perth Mint has a formal Risk Management Policy and Framework which governs 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 five 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 process to assess the risk associated with counterparties as per the LBMA's Responsible Gold and Silver Guidance and our regulatory obligations. The process, which is completed by the Risk and Compliance Team involves an assessment of documentation provided by the counterparty, and confirmation of the risk rating applied as per the JRA. The final risk rating applied to a counterparty is based on a 5*5 matrix using 'Supplier's Country of Incorporation Risk' and 'Supplier's Country of Operation Risk'. Due diligence outcomes are determined based on a supplier's final risk rating. The jurisdiction's risk rating is generated by collating the data from the sources as mentioned in [Step 1. Question 3.](#)

As noted previously, AUSTRAC's compliance assessment raised concerns regarding The Perth Mint's risk assessment of customers. Following the end of FY22 The Perth Mint updated its AML/CTF Program and has made further improvements to its processes, including the introduction of a more sophisticated customer risk assessment tool and the creation of a centralised blacklist of customers which sit outside The Perth Mint's risk appetite. Further improvements are scheduled to be implemented as the Project is delivered, including refreshed KYC data for customers and the implementation of a new customer lifecycle management system with automated transaction monitoring.

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 a precious metal supplying counterparty. The 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 transiting via a conflict-



affected high-risk area or an area identified as 'high risk' or 'very high risk' under our JRA. Such due diligence includes, but is 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 focusses on responsible sourcing obligations, KYC/AML/CTF checks along with other risk assessments and due diligence undertaken on each refining counterparty to ensure that The Perth Mint is sourcing metals in a way that is consistent with the Policy. The Risk and Compliance team is responsible for risk assessments to ensure we understand the potential risks regarding our counterparty 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.

The Perth Mint acknowledges a partial non-compliance with RGG and RSG with respect to practices and procedures related to the onboarding of counterparties before FY21. Furthermore, those partial non-compliances include shortcomings in the formal documentation of the assessment of the counterparties' risk based on the documentation requested at onboarding. The practices and procedures conducted as part of The Perth Mint's broader onboarding due diligence, are currently being reviewed and, where necessary, any non-compliance is being remediated as part of the Project (more information at pages 3-5 of this report).

We conduct system-based monitoring on relevant counterparties centrally and, where applicable, on enforcement actions, sanctions-related alerts, and significant changes in counterparty data. All precious metal supplying counterparties are reviewed in The Perth Mint's 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 or feeding a direct or indirect conflict to The Perth Mint's supply chain is identified, the relationship 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, improvement plans will be enacted to ensure that The Perth Mint's supply chain remains free of conflict metal and in keeping with the LBMA and OECD requirements. On completion of this review, a report with a summary of findings and recommendations is presented to The Perth Mint's Enterprise Risk Committee (**ERC**).

The Perth Mint has also established the following procedures 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.
- open source information and market intelligence from credible sources to refresh and feed into the assessment of ASM risk.

During FY22, The Perth Mint did not accept any mined gold/silver from overseas ASM miners.

Our due diligence systems are reviewed and updated on an annual basis. Any amendments are communicated to staff. The Perth Mint also undertakes ongoing due diligence activities on its gold and silver supply chain counterparties throughout the course of its relationships. The due diligence activities are commensurate with the counterparty'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 jurisdictions are subject to an on-site visit and assessment. The on-site assessment is conducted by the Mine Site Auditor in accordance with the LBMA's Refiners Toolkit - Responsible Sourcing Programme site visit report, noting per Step 1 question 3 that during FY22 one such assessment was not conducted due to a conflict of interest with our previous Mine Site Auditors.
- where the risk assessment identifies a potential supplier as "Approval Required", The Perth Mint will not engage in any relationship with that supplier without approval from an executive level and a plan for the effective ongoing monitoring of the 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 within the organisation to make decisions about supplier relationships. 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:

During FY22, The Perth Mint has partially 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, Risk Management Framework and AML/CTF Program. Due diligence checks are performed for all new counterparties meeting the KYC risk criteria, as well as for renewals of contracts and engagements with existing counterparties. The Perth Mint conducts system-based monitoring on relevant counterparties centrally and, where applicable, on enforcement actions, sanctions-related alerts, and significant changes in counterparty data.

The Perth Mint is continually identifying areas for improvement in its risk management processes, including addressing practices that are no longer fit for purpose and updating the way we engage with our counterparties.

As described in Step 1. Questions 3-4 and Step 2. Question 2, The Perth Mint acknowledges that practices and procedures related to counterparties have resulted in some older records not being kept in accordance with these and LBMA requirements. Furthermore, with respect to the updates within the Responsible Metals and Supply Chain Policy and Management System that have been carried out over the years, The Perth Mint acknowledges the need to improve the formal documentation of the



assessment of the counterparties' risk based on the documentation requested at onboarding phase before the JRA conducted as part of The Perth Mint's broader onboarding due diligence.

Following the end of FY22, The Perth Mint updated its AML/CTF Program and has made further improvements to its processes, including the introduction of a more sophisticated customer risk assessment tool and the creation of a centralised blacklist of customers which sit outside The Perth Mint's risk appetite. Further improvements are scheduled to be implemented as the Project is delivered, including refreshed KYC data for customers and the implementation of a new customer lifecycle management system with automated transaction monitoring.

In addition, Responsible Metals and Corporate Social Responsibility clauses are included in every refining agreement which obliges our counterparties to ensure their business practices are consistent with the LBMA Standards. The strategy in managing conflict minerals in supply chain, outlined in the Policy, is aligned with the model set out in Annex II of the OECD Guidance. In the event of an identified risk, the Compliance Officer 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 may choose to end the relationship with the supplier.

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

Under the Responsible Metals and Corporate Social Responsibility clauses, should a human rights violation involving a supplier occur, The Perth Mint will actively 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. The Perth Mint is committed to working with its counterparties to promote responsible sourcing practices throughout the supply chain and assist them in improving their responsible supply chain practices. If after further collaboration with the supplier appropriate remedial action is not undertaken, The Perth Mint will cease the business relationship with the supplier and where appropriate notify 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 plan 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. On completion of this review, a report with summary of findings and recommendations is presented to the ERC for a decision.

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 any party in a precious metal supply chain engages in money laundering (or an associated predicate offence), terrorist financing, contribution to conflict, human right abuses, or if the possibility of the same is deemed too high, the risk mitigation strategy requires refining of the relevant metal is stopped immediately.



If the due diligence carried out concludes that it is possible for a party in a precious metal supply chain to directly or indirectly, engage in money laundering (or an associated predicate offence), terrorist financing, contribution to conflict, human right abuses, or breaches of environmental or health and safety legislation, the risk mitigation strategy requires refining of the relevant precious metal from this source is suspended until we obtain additional information or data refuting or confirming the preliminary findings.

It is stated in The Perth Mint's Refining Agreements that suspicion of AML/CTF activities, or failure to comply with the LBMA standards and guidance, may breach the contract. The Perth Mint takes all steps to obtain details or will cease activities.

Materials in cases such as outlined above would be quarantined pending further investigation or they would be returned to the gold or silver supplying counterparties. This is documented in the Management System.

If material is quarantined, The Perth Mint will either accept the material and inform the Australian Federal Police and/or the Western Australia Police Gold Stealing Detection Unit, or return the material to the counterparty unless instructed otherwise by authorities. This process 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 which identifies requirements and breach issues. Ultimately the decision to terminate a business relationship lies with the Chief Executive Officer and ERC. It is documented in the Management System that the counterparty will be notified in writing, and breach conditions will be referenced, except where referencing such conditions may breach "tipping off" clauses under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

In response to an order from AUSTRAC issued on 30 August 2022, The Perth Mint appointed an external auditor (approved by AUSTRAC) in November 2022 to assess The Perth Mint's compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and associated Rules (more information is provided at pages 3-5 of this report). In particular AUSTRAC's concerns relate to the customer due diligence and risk assessment process carried out by The Perth Mint. The Perth Mint is working closely with the external auditor and expects the audit process to be completed by the middle of calendar 2023.

The Perth Mint is fully supportive of the external audit initiated by AUSTRAC to assess our compliance with our obligations under the Anti-Money Laundering/Counter Terrorism Financing Act 2006 and to ensure that our AML/CTF Program is robust and appropriate.

The Perth Mint is working closely with the external auditor and expects the audit process to be completed by the middle of calendar 2023.

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

Compliance statement with requirement:

During FY22, 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 & Touche S.p.A., the audit and assurance firm of Deloitte network in Italy. The Deloitte assurance report will be published together with this 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:

During FY22, 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 with the specific requirements in the LBMA Responsible Gold and Silver Guidance have been set out in our Responsible Metals and Supply Chain Management System (for internal use) and the Policy which is publicly available.



The Perth Mint Refinery's overall conclusion

Management conclusion:

Subject to the partial compliance issues noted in Step 1. Step 2. and Step 3 of this report, The Perth Mint abides by the Responsible Gold Guidance and Responsible Silver Guidance set by the 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 its assessment of primary gold suppliers globally. Regarding our material topics, we do and will continue to assess them in alignment with the United Nations Sustainable Development Goals.

The Perth Mint is committed to continuous improvement of its responsible sourcing obligation and business practices. Any audit recommendations identified will be implemented in the following reporting period.

The Perth Mint has a strategy to drive cultural change and permanent transformation across the business. This strategy is being implemented by introducing an updated AML/CTF Program, engaging with the business more broadly to uplift awareness of compliance related issues more generally and delivery of the Board approved Project.

The Perth Mint has a dedicated team in place to implement the Project and deliver both short-term improvements to AML/CTF processes and systemic changes that have longer lead times. In addition, our refreshed Financial Crime, Risk and Compliance Team is focussed on working with the business to remediate practices that are no longer fit for purpose and updating the way we engage with our counterparties.

In particular, and as described in this report, The Perth Mint acknowledges that practices and procedures related to the onboarding of counterparties have resulted in some older records not being kept in accordance with LBMA requirements. Furthermore, with respect to the updates within the Responsible Metals and Supply Chain Policy and Management System that have been carried out over the years, The Perth Mint acknowledges the need to improve the formal documentation of the assessment of the counterparties' risk based on the documentation requested at onboarding.

The Perth Mint's values of Responsibility, Integrity, Safety and Excellence are at the heart of the organisation and drive how employees, directors, and officers deal with each other and make decisions, and informs with who it will – and importantly will not – do business. A culture of responsibility is embedded throughout The Perth Mint and is reflected in how it sources precious metals, treats the 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 remain steadfast in our commitment 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.