

LBMA Responsible Gold Guidance – Version 6 ISO 19011 Refiner Assessment Report

Report Distribution List: *Mint and Refinery Operation Department
BANGKO SENTRAL NG PILIPINAS*

PT TUV Rheinland Indonesia

LBMA Chief Executive

ASSESSMENT INFORMATION	
Refiner Name:	Mint and Refinery Operation Department BANGKO SENTRAL NG PILIPINAS
Refiner Location:	East Avenue, Diliman, 1101 Quezon City, Philippines
Refiner Contact Person: Name, Title:	Ms. Ma. Cecilia Santos; Director mcsantos@bsp.gov.ph
Email:	
Phone:	+63-2-988-4641
Lead auditor and audit team members	Abdul Qohar Satria Wira Nayoan
Dates and places where the onsite assessment activities were conducted	02.11.2017 - 03.11.2017 Quezon City, Philippines

LBMA Refiner Assessment Report	
Assessment objectives:	
<i>The objectives of the assessment were to evaluate the conformity and consistency of the Refiner's management system procedures processes and practices with the LBMA Responsible Gold Guidance.</i>	
Assessment scope:	
<i>Refiner location(s) included in the assessment scope</i>	Refiner: Mint and Refinery Operation Department East Avenue, Diliman, 1101 Quezon City, Philippines Gold Buying Station: 1. Quezon City 2. Baquio 3. Davao 4. Naga 5. Zamboanga
<i>Assessment Period</i>	03.11.2016 - 01.11.2017
Assessment methodology:	
<p><i>Assessment was taken at Mint and Refinery Operation Department – Refinery Processing, Gold Buying Station at Quezon City and Baguio. Each sections/area relevant for LBMA Responsible Gold Guidance was audited and verified by documentation review and management/employee interviews including the verification on production and refining facilities, raw material warehouse, finished goods warehouse and transaction area by observation during the facility tour. The scope of the assessment cover for Refiner's systems, policies, procedures, processes and activities</i></p> <p><i>The evidence of compliance that was reviewed included:</i></p> <ul style="list-style-type: none"> • <i>The following areas of the facility were visited during the tour:</i> <ul style="list-style-type: none"> ○ <i>Gold-bearing Receiving Process</i> ○ <i>Gold-bearing Material Inventory Control Process</i> ○ <i>Quality Control Process</i> ○ <i>Finished Goods (Vault) Control Process</i> <p><i>During facility tour, the assessment team could not visit refinery facilities for Chlorination Process, Aqua Regia Process, Melting Process and Casting Process due to those area are under rehabilitation.</i></p>	



	<ul style="list-style-type: none"> • <i>The following interviews were conducted with management:</i> <ul style="list-style-type: none"> ○ <i>Ms. MA Cecilia Santos (officer in charge of Mint & Refinery Operation Department)</i> ○ <i>Ms. JA Sapico (Acting Deputy Director, CSSG)</i> ○ <i>Mr. Jose H.N Filoteo (Asst. Material Control Manager, PFD)</i> ○ <i>Mr. Salvador Y. del Mundo (Production Manager, PFD)</i> • <i>The following interviews with employees were conducted:</i> <ul style="list-style-type: none"> ○ <i>Ms. MA Cecilia Santos (officer in charge of Mint & Refinery Operation Department)</i> ○ <i>Ms. JA Sapico (Acting Deputy Director, CSSG)</i> ○ <i>Mr. Jose H.N Filoteo (Asst. Material Control Manager, PFD)</i> ○ <i>Mr. Salvador Y. del Mundo (Production Manager, PFD)</i> ○ <i>Mr. Rodolfo Ronquillo II (Asst. Laboratory Manager, LRD)</i> ○ <i>Mr. MT Barja (Acting Material Control Manager, MCD)</i> ○ <i>Ms. Apple Catingco (Administrative Services Officer III)</i> ○ <i>Mr. Alexander C. Ubaldo (Asst. Production Manager, GOS)</i> ○ <i>Mr. G.S. Cruz (Asst. Maintenance Manager, MD)</i> ○ <i>Mr. J.C. Kagaoan (Acting Quality Control Manager, QACD)</i> ○ <i>Mr. A. Miranda (Production Manager)</i> ○ <i>Mr. Gilda R. Advincula (Laboratory Manager, CSD)</i> ○ <i>Mr. Teodor A. Venus Jr. (Head of Gold Buying Station Davao)</i> ○ <i>Mr. Lemuel Cal (Messenger of Gold Buying Station Davao)</i> ○ <i>Mr. Richmond Villamos (Account Specialist, Davao)</i> ○ <i>Ms. Felicitas Concha (Acting Deputy Director, BSP Davao Region)</i> ○ <i>Ms. Sonia S. de Los Reyes (Director, BSP Davao Region)</i> ○ <i>Ms. Jane Ann S. Gonzales (Manager of Currency Operation Division-BSP Davao Region)</i> ○ <i>Mr. Charlemangno F. (Acting Deputy Director, Gold Buying Station Zamboanga)</i> ○ <i>Ms. Carmelita L. Catalan (Bang Officer II, Gold Buying Station Zamboanga)</i> ○ <i>Mr. C.J. Rafols (Senior Material Controller, MCD)</i> ○ <i>Mr. F.G. Orduna (Acting Assay Officer, GOS)</i> ○ <i>Ms. Elaine Kate Pagalilauan, (Acting Bank Officer IV)</i>
	Statement of the confidential nature of the contents:
	<i>All the data contained in the assessment report, as well as all information obtained during the performance of the certification, is private and confidential between the auditing body and the Refiner</i>
	Any significant or inherent limitations or areas not covered that were within the assessment scope:
	<p>Click here to enter text.</p> <p><i>During facility tour, the assessment team could not visit refinery facilities for Chlorination Process, Aqua Regia Process, Melting Process and Casting Process due to those area are under rehabilitation</i></p>
	Assessment criteria:
	<ul style="list-style-type: none"> • <i>The assessment team performed the LBMA Responsible Gold Guidance assessment refer to planned arrangements for the relevant management standards, legal and contractual requirements and other requirements to which the Refiner is committed.</i>

- *The assessment team took into account all relevant objective evidence provided by the Refiner. Relevant evidence was either qualitative or quantitative in as far as it is appropriate and sufficient to support the assessment team's conclusions. Appropriate evidence is evidence that is relevant and reliable. Sufficient evidence refers to the amount of evidence provided to allow the assessment team to reach a conclusion.*
- *Any actual or potential gaps in the Refiner's systems in regards to the LBMA requirements are rated in accordance to the level of risk each presents to the credibility and integrity of the LBMA Responsible Gold Programme for the responsible sourcing of gold-bearing materials.*
- *The assessment team present and explain all nonconformities found within assessment period to Senior Management and staffs during closing meeting. Senior Management accepts all NCs and commits to follow up.*
- *The assessment team identify improvement that had been done by refiner such as:*
 - a) *Improve seller to cooperate for submitting the required document timely for risk assessment*
 - b) *Give recommendation to Government to regulate the tax reduction from 7% from 3% in order to attract the seller for more transaction.*
 - c) *Upgrade and rehabilitate the refinery process facilities to improve the environmental and safety*
 - d) *Mr. Jose Horasio N. Filoteo made presentation to several audiences such government, Gold Supplying Counter Parties, NGO on August 11th, 2017 with topic of Responsible Gold Guidance*
 - e) *Performing the study with topic "Improving the refining process related to environmental friendly by no more acid" by Mr. Alexander C. Ubaldo.*

Assessment findings:				
<i>Category/subcategory</i>	<i>Non-compliance/Observation: Include evidence found to substantiate the non-compliance as well as frequency of its occurrence.</i>	<i>Recommended corrective action</i>	<i>Timeframe for implementing corrective actions</i>	<i>Refiner comments</i>
Step 1.3	<p>Non-compliance:</p> <p><i>In Davao Branch: Gold Supply Counter Party named Unice Gold Trading, the risk assessment checklist had been done on 28-March-2017 with result "NO HIGH RISK" accomplished by Teodoro A. Venus J.R and approved by Efren R. Samson acting deputy director (Deputy Compliance Office), However Mr. Efren R. Samson was not trained yet regarding the Responsible Gold Guidance. This condition also happened in GBS Zamboanga for Ms. Carmelita L. Catalan as Head of GBS (Gold Buying Station) was not trained yet</i></p>	<p><i>Conduct of briefing on the London Bullion Market Association (LBMA) Responsible Gold Guidance (RGG) to officers and staff of the Davao and Zamboanga Gold Buying Stations (GBS)</i></p>	<p><i>Within December 2017</i></p>	<p><i>Fully Complied. On 07 December 2017, we conducted two briefings on the London Bullion Market Association (LBMA) Responsible Gold Guidance (RGG) as follows: 1) officers and staff of the Davao and Zamboanga Gold Buying Stations (GBS) and 2) officers and staff of the BSP Davao Regional Office. Please refer to scanned copies of attendance sheets (Annex 1).</i></p>
Step 2.2	<p>Non-compliance:</p> <p><i>In Davao Branch: Risk assessment checklist for source of origin had been accomplished by Mr. Teodoro A. Venus for transaction on 22-June-2017 from Gold Supply Counter Party named Lucy V. Rubio however this</i></p>	<p><i>Deputy Compliance Officer to sign and approve the risk assessment checklist for source of origin of Gold Supply Counter Party named Lucy V. Rubio.</i></p>	<p><i>Within December 2017</i></p>	<p><i>Fully Complied. The Deputy Compliance Officer, Mr. Efren R. Samson signed and approved the risk assessment checklist for source of origin of Gold Supply Counter Party named Lucy V. Rubio (Annex 2).</i></p>

	<p>risk assessment result was not approved yet by compliance officer (no approval signature from compliance officer)</p>			
Step 2.2	<p>Non-compliance: In Davao Branch: When performing the risk assessment checklist for source of origin on transaction activities of Gold Supply Counter Party named JB MGT Mining Corp, it found different overview result related to the point no.4 (does the mine site has security protection) and point no. 6 (does the mine site voluntarily provide equipment to government). On transaction date 19-Jan-2017 (be checked as "YES") meanwhile for transaction date on 27-Feb-2017 (be checked as "NO")</p>	<p>Correction of the risk assessment checklist for source of origin of Gold Supply Counter Party named JB MGT Mining Corp for transaction dates 19-Jan-2017 and 27-Feb-2017.</p>	<p>Within December 2017</p>	<p>Fully Complied. Upon checking the risk assessment checklist for source of origin of Gold Supply Counter Party named JB MGT Mining Corp for transaction dates 19-Jan-2017 and 27-Feb-2017, both point nos. 4 and 6 were checked as yes but sub-items 4.1 and 4.2 were not checked. Hence, as corrective action, both risk assessment checklist for source of origin were corrected and had them completely filled out (Annex 3).</p>
Step 2.2	<p>Non-compliance: In MROD: Annual re-assessment for Gold Supply Counter Party "Eight Under Par, Incorporated" was not conducted in 2017 (last assessment on 19-Feb-2016) as required by Procedure Assessment of Seller no. PM-SPC-02-32-020 revision4 dated 3-November-2016</p>	<p>Conduct of re-assessment for Gold Supply Counter Party, "Eight Under Par, Incorporated through accomplishment of Customer Information Packet and Risk Assessment Checklist for Seller</p>	<p>Within December 2017</p>	<p>Fully Complied. Annual re-assessment for Gold Supply Counter Party "Eight Under Par, Incorporated" was conducted through submission of Customer Information Packet and accomplishment of Risk Assessment Checklist for Seller (Annex 4).</p>



	<p><i>Observation:</i></p> <p><i>Re-awareness training and adoption of new Responsible Gold Guidance version 7 into internal procedure or other documentation system should be planned and conducted timely</i></p>	<p><i>Conduct of briefing on the London Bullion Market Association (LBMA) Responsible Gold Guidance (RGG) version 7</i></p>	<p><i>Within 2018</i></p>	<p><i>On 07 December 2017, we conducted two briefings on the London Bullion Market Association (LBMA) Responsible Gold Guidance (RGG) version 7 as follows: 1) officers and staff of the Davao and Zamboanga Gold Buying Stations (GBS) and 2) officers and staff of the BSP Davao Regional Office. Briefing will also be conducted in other GBS within 2018.</i></p>
	<p><i>Observation:</i></p> <p><i>Socialization of mined gold and recycle gold definition to Gold Supply Counter Party (Seller) should be conducted</i></p>	<p><i>Inclusion in the briefing to gold sellers the definition of mined gold and recycled gold</i></p>	<p><i>Within 2018</i></p>	<p><i>During conduct of briefing to gold sellers, the definition of mined gold and recycled gold will be discussed.</i></p>
	<p><i>Observation:</i></p> <p><i>Training Record for Seller related to the Bangko Sentral ng Pilipinas Responsible Gold Sourcing Policy should be provided</i></p>	<p><i>Conduct of briefing on the Bangko Sentral ng Pilipinas Responsible Gold Sourcing Policy to gold sellers</i></p>	<p><i>Within 2018</i></p>	<p><i>On 05 December 2017, a meeting with gold traders and sellers was held at the BSP Davao Regional Office wherein the Bangko Sentral ng Pilipinas Responsible Gold Sourcing Policy was discussed. Please refer to scanned copy of attendance sheet (Annex 5). Similar briefings will be held in other GBS.</i></p>

Assessment conclusions	Compliant	Low	Medium	High	Zero Tolerance
Based on the above assessment conclusions, the overall rating of the Refiner's performance is determined to represent:	10	2	2	0	0

The Auditors confirm that:

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

Lead Auditor: Abdul Qohar

Signature:



Date: 2017-11-03

the corrective action measures including the evidences on corrective action taken had been reviewed and verified by Auditor with result accepted



2018-01-11