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PROPRIETARY AND CONFIDENTIAL

MANAGEMENT REPORT

Baird & Co. Ltd.

LBMA Responsible Gold Sourcing Assurance Engagement

10 March 2023





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ASSURANCE ENGAGEMENT SUMMARY

Refiner name	Baird & Co. Ltd.
Refiner location	Units 20 – 21 Gemini Business Park, Hornet Way, London E6 7FF, UK
Lead assurance practitioner and assurance practitioner team members	Xavier AMOROS
Dates and places where the assurance engagement activities were conducted	9 & 10 March 2023 conducted at the Refiner's location as noted above

1. LBMA REFINER MANAGEMENT REPORT

Assurance criteria and objectives	
<p>The assurance criteria consist of the requirements set out within the LBMA Responsible Gold Guidance (RGG) Version 9, supplemented by the Refiner's interpretation and application at a more detailed level through its own policies, procedures and internal controls.</p> <p>The objective is to assess the suitability of the assurance criteria, and hence the Refiner's supply chain policy and management systems.</p> <p>The assurance practitioner team only consists of approved LBMA assurance practitioners and adheres to the LBMA's independence and core competency requirements.</p>	
Assurance scope	<p>The limited assurance engagement includes the operations of Baird & Co Ltd ("the Refiner").</p> <p>The material in scope is Gold.</p>



	<p>Subject matter: The LBMA assurance subject matter includes the Refiner's disclosures on its conformance with the Guidance and the underlying management systems used to derive these disclosures, as presented in the Compliance Report and the Country of Origin Annex.</p>
Refiner location(s) included in the assurance scope	<p>Units 20 – 21 Gemini Business Park, Hornet Way, London, E6 7FF, UK</p>
Assurance period	<p>January 1, 2022 – December 31, 2022</p>
Assurance Methodology	<p>The assurance methodology is comprised of three main phases as follows:</p> <p>a. Pre-assurance planning of the assurance strategy</p> <p>Request information about the Refiner and its operations related to gold; development of an assurance plan with additional instructions and information requested prior to the onsite assurance engagement; arrangement of logistics.</p> <p>b. Execution of the onsite assurance engagement</p> <p>Work with the Refiner to conduct an opening meeting; complete a facility walk-through for visual observations of the Refiner's operations; review of the due diligence program including policies, procedures, and records; prepare an assurance conclusion and conduct a closing meeting.</p> <p>c. Assurance conclusion and reporting</p>
List of interviews	<ul style="list-style-type: none">● Head of Refinery● Commercial Director● Financial Director● Lab Analyst● Refinery Manager
Number of transactions and sample size	<p>20 transactions sampled, out of 30 358 transactions</p>



Sample selection process	Random and risk-focused
Assurance engagement summary	
<p>INTRODUCTION</p> <p>The Refiner's operations consist of commercial services to clients globally which include: the refining of precious metals, sales and trading of precious metals, purchase and refining of recycled/scrap metal and the production of manufacturing materials and engineering products.</p> <p>These products include:</p> <ul style="list-style-type: none">• Cast and minted bars in a variety of weights• Smaller bars supplied in tamper-proof packaging• Coin blanks and bullion coins• Powders, grain, sheet, strip, and wire <p>The main processing and manufacturing divisions of Baird & Co are located in 30,000 sq.ft of high security premises in East London. Secure storage facilities are also available at this facility for customers.</p> <p>ASSESSMENT OF CONFORMANCE FOR REFINER'S SYSTEM, PROCESS, PROCEDURES AND PRACTICES ACCORDING TO LBMA RESPONSIBLE GOLD GUIDANCE</p> <p>STEP 1: Establish strong company management system</p> <ul style="list-style-type: none">• Baird & Co updated its Supply Chain Due Diligence Policy in January 2023 (Baird & Co. Supply Chain Due Diligence Policy and Procedures 2023). It is aligned with Version 9 of the LBMA RGG. The Policy states that gold is sourced only from legitimate, ethical sources and legal entities and that supply chain due diligence is conducted.• The Supply Chain Due Diligence Policy 2023 is publicly available here.• The Compliance Manual (v2.7, 1st March 2023) which is currently being updated, defines a detailed due diligence documentation and records process with a retention period of 10 years. It provides a detailed KYC procedure including the process to identify/verify:<ul style="list-style-type: none">o all direct suppliers and customerso the actors or details of the companieso ownership and corporate structureo type of business operationo the suppliers and their beneficial owners against relevant government lists of wanted money launderers, known fraudsters or terrorists or otherwise sanctioned individuals, and;o whether suppliers have in place a due diligence system.• The company subscribes to Credit safe for international counterparties and GBG (IDThree) for UK counterparties, through which the company has access to search against suspicious	



suppliers or beneficial owners.

- The company has created an appropriate internal management structure to support supply chain due diligence activities. This consists of assigning responsibility for the implementation of this program to the company Compliance Officer Anita Bala, who reports directly to Mrs. Helen THOMAS, Finance Director.
- In addition, the relevant functional department managers including the Health, Safety & Environment manager, Commercial manager for incoming refinery metals and the metal accounts team departments participate in the implementation of the LBMA due diligence practices.
- The Organisation chart states which senior representatives are assigned responsibility for ensuring:
 - compliance with the Supply Chain Due Diligence Policy and
 - implementing programs, processes and potential corrective actions (none in 2022).
- Management review provided details of the annual review and analysis. The content is related to the Supply Chain Due Diligence Policy and the reviews and updates by the Board meeting were reviewed.
- Online training continues and delivers for staff involved in the supply chain. The latest internal training sessions on internal due diligence procedures and AML were rolled out for 2022. Training materials, the date and the delegates who took the courses were maintained. Moreover, Interviews with the staff revealed that they are familiar with policies and procedures. Employees are encouraged to review activities that may improve the implementation of the procedures.
- The site walk-through confirmed that sources, type of material, weights and identification numbers are logged and accurate.
- The Compliance Manual (March 2023) provides an overview of documents and records required to be retained.
- The process flowchart provides the details to identify the type of material and record for each individual transaction of relevant input and output materials, including the date, weight and source.
- The IT Systems used by Baird & Co together with the tracking records in excel confirm that there is a process to:
 - inspect all receiving materials,
 - ensure inventory, including work in progress, metal stocks, and other material types, is known and;
 - demonstrate the ability to reconcile material inputs and outputs over a given period of time.
- Twenty sample material transaction record files covering the period from 1 January to 31 December 2022 demonstrate:
 - all transactions (inputs and outputs) are identified by the material type, date, weight and source,
 - all payments are through official banking channels, and
 - points of origin which in 2022 are Great Britain, Czech Republic, France, Germany, New Zealand, Portugal, Spain, USA, Ireland, Italy, none of which are considered a CAHRA.
- Twenty output records in sample covering the period from 1 January to 31 December 2022 demonstrate that the required level of identification is available in line with the refiner's policy.



- The Customer Due Diligence Policy & procedures (Version 14 Sept. 2022) defines the details of the sourcing program
 - a) to approve new suppliers
 - b) criteria related to supplier performance regarding the material due diligence program
 - c) communication about the program, and
 - d) long-term supplier relationship process.
- Twenty communication records covering the period from 1 January to 31 December 2022 demonstrate that the company's responsible sourcing requirements and the due diligence program is communicated to and acknowledged by suppliers. Moreover, due diligence tracking in excel confirm due diligence on suppliers is updated and monitored.
- A table covering the period from 1 January to 31 December 2022 of all 699 direct suppliers demonstrates the implementation and monitoring of the KYC procedure.
- Twenty supplier files in sample covering the period from 1 January to 31 December 2022 were reviewed to verify the implementation of the KYC procedure.
- A grievance mechanism is in place for both internal employees and external parties with supporting procedures documented in the supply chain policy and the Compliance Manual (v2.7, 5 February 2020).
- Training conducted in October 2022 confirm employees were made aware of the grievance channels in place.
- The procedures support:
 - a) the detailed process to anonymously report grievances and complaints without fear of reprisal
 - b) there are clear grievance channels (email) so that anyone is comfortable with reporting grievances and thus reporting is encouraged, and
 - c) the detailed process for investigating any grievance or complaint and actions to be taken as a result of the investigation.

Based on management interviews, no complaints had been received during the audit period.

STEP 2: Identify and assess risk in the supply chain

- The Refiner identifies and assesses risks in the supply chain and has established the criteria for high, medium or low-risk categories to systematically apply them to the gold supplying counterparties. In order to determine conflict-affected, human right abuse and money laundering high-risk areas, the Refiner uses several reliable external data sets as basis of this analysis. Supply chains are assessed against their location in high-risk areas, due to the profile of the supply chain or counterparty type. The Refiner conducts due diligence following a risk-based approach and allocates a risk category according to the risk profile criteria.
- This process is a requirement before entering into any business relationship with a gold supplying counterparty.
- The Compliance Manual (v2.7, 1st March 2023) states:
 - the process to identify risks/red flags/CAHRAs within the company's supply chain
 - includes criteria by which the company identifies and assesses OECD Due Diligence Guidance Annex II
 - identifies the resources used to determine OECD Due Diligence Guidance Annex II risks and;
 - outlines the frequency of review by the company.



- Each counterparty was assessed based on the noted methods, and the sum of the assessment score was used to decide whether the counterparty and transactions were Low-risk/Medium-risk/High-risk/Prohibit trading.
- Twenty supplier files out of 699 covering the period from 1 January to 31 December 2022 confirm that information on risks stated in the OECD Due Diligence Guidance Annex II is collected. Qualitative information includes point of origin of recycled material, in-country transportation route and actors that are responsible for storage, handling, or consolidation.
- The Supplier Risk Matrix 2022 in excel confirms implementation of the risk assessment procedure. According to LBMA RGG, no suppliers would be ranked as "high-risk", while the Refiner goes beyond the LBMA RGG and British Law (Money Laundering and Terrorist Financing (Amendment) Regulations 2019 / UK Statutory Instruments 2019 No. 1511 PART 2 Regulation 5), and the compliance site visits are scheduled in Q2 & Q3 2023 for 71 corporate suppliers.
- Documents reviewed to substantiate the above data points:
 - Supplier Risk Matrix2023_for2022 Suppliers
 - Sales&Purchase_orde&return_breakdown_final
 - Money Laundering and Terrorist Financing (Amendment) Regulations 2019

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

- Management review records covering the period from 1 January to 31 December 2022 provide details of the management review meeting presentation materials, analysis and data. The content is correlated with the risk assessment results.
- The Compliance Manual (version 2023) defines the detailed mitigation process, which contains the following elements:
 - action reports/plans and implementation tracking tables.
 - additional actions that are taken when a corrective action is not conducted in a timely manner.
 - the closure of action items confirmed by the compliance management representative after verification by an appropriate person.
- Where a management strategy of risk mitigation is undertaken, it will include measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.
- Supplier Risk Matrix for 2022 which is constantly updated in an excel format confirm no red flags in the supply chain and no risks identified therefore no risk mitigation strategy was implemented in the assessment year.
- The Refiner undertakes additional fact and risk assessments for risk requiring mitigation, or after a change of circumstances.
- The onsite visits are scheduled for 2023 for 71 corporate suppliers. No visits were staged during the period 2020-22 in the context of the COVID restrictions. So far, no specific risks are identified therefore no risk mitigation was implemented in the assessment year.

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



- This is the fifth year for the Refiner to undergo an LBMA audit. The Refiner has engaged the services of RCS Global Ltd and their independent report will be available on Baird & Co Ltd's website when issued. A copy of the assessment report will be shared with the LBMA for review against their published requirements for refiners.

STEP 5: Report of supply chain due diligence

- The Refiner has posted their supply chain policy with appropriate regard for security, proprietary information and the legal rights of other supply chain actors.
- The Supply Chain Due Diligence Policy statement 2023 and other relevant policies are posted in the website: <https://www.bairdmint.com/about-us/policies-statements>
- In conclusion, the Refiner has implemented effective management systems, procedures, processes and practices to conform to the requirements of the LBMA requirements for all its gold material supply chain, as explained above for the reporting year ended 31 December 2022.

No non-conformance was found in the prior year.

Statement of the confidential nature of the contents

All the data contained in the management report, as well as all information obtained during the performance of the certification, is private and confidential between the assurance firm and the Refiner.

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

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

Assessment criteria

The assurance practitioner considers all relevant objective evidence provided by the Refiner. Relevant evidence is either qualitative or quantitative as far as it is appropriate and sufficient to support the assurance practitioner's conclusions. Appropriate evidence is relevant and reliable. Sufficient evidence refers to the amount of evidence provided to allow the assurance practitioner to reach a conclusion.



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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.

2. DISTRIBUTION LIST

This report is issued for the benefit of the Refiner and will be shared with the Refiner's main contact. The final version of this annual Management Report, LBMA Assurance Report and Country of Origin Annex will be submitted by the assurance firm to the LBMA Chief Executive. In accordance with Step 5 of the *LBMA Responsible Gold Guidance Version 9*, the Refiner should make the LBMA Assurance Report available to the public.



3. ASSURANCE ENGAGEMENT FINDINGS

<i>Assurance practitioners use only</i>					<i>Refiner use only</i>		
Category/subcategory	Risk rating	Non-compliance/Observation:	Recommended corrective action	Timeframe for implementing corrective actions	Corrective action to be taken by the Refiner	Completion timeframe	Responsible staff
Step 2 Section 2.2	Observation	Data necessary for risk management could be provided. The use of an integrated risk management software may facilitate the day-to-day risk monitoring process as well provide overview on the risk levels and mitigating actions at a given point.	/	/	-		

4. OVERALL RATING

Overall Rating of Assurance Findings	Compliant	Low	Medium	High	Zero Tolerance
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Based on the above detail assurance findings, the overall rating of the Refiner's performance is determined to represent:	X				
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ASSURANCE FINDINGS BREAK DOWN							
				Non-Compliance – risk level			
	CATEGORY	SUBCATEGORY	Compliant	Low	Medium	High	Zero Tolerance
A.	General Information						
B.	Step 1: Establish strong Refiner management systems	1.1	X				
		1.2	X				
		1.3	X				



		1.4	X				
		1.5	X				
C.	Step 2: Identify and assess risk in the supply chain	2.1	X				
		2.2	X				
		2.3	X				
D.	Step 3: Design and implement a management strategy to respond to identified risks	3.1	X				
		3.2	X				
		3.3	X				
		3.4	X				
E.	Step 4:	4.1	X				



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	Arrange for an independent third-party audit of the supply chain due diligence						
F.	Step 5: Report on supply chain due diligence	5.1	X				



5. ASSURANCE PRACTITIONER DECLARATION

The assurance practitioner confirms that:

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

Assurance practitioner	Xavier AMOROS
Signature	
Date	11 March, 2023



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**Contact RCS Global Group
for more information:**

contact@rcsglobal.com

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