



K.G.R. Group Company Limited- Refinery - Responsible Gold Compliance Report

This abridged this compliance report summarizes how K.G.R. Group Company Limited has complied with the requirements of the *RJC/COC*

Refiner's Details

Refiner's Name K.G.R. Group Company Limited

Location 3/3 Tambol Hom Kret, Amphur Sampran, Nakornprathom, 73110, Thailand

Reporting date December 2024

Senior management responsible for this report: Titipong Deemankongvanich

K.G.R Group Company Evaluation

This report lists the minimum requirements that must be satisfied by Refiners in accordance with the *RJC COC* to demonstrate compliance. **K.G.R** Company Limited fully complies with the RJC COC as demonstrated by the processes outlined in this report.

Step 1 - Establish strong company management systems

Compliance Statement with Requirement:

We have fully complied with Step 1 - Establish strong company management systems.

1.1. Adopt a company policy regarding due diligence for supply chains of gold

We have a Due Diligence Policy which is consistent with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk areas (OECD Due Diligence Guidance)*. This Policy sets out our responsibility for conducting risk-based due diligence, screening and monitoring of transactions and governance structures in place.

1.2 Set up an internal management structure to support supply chain due diligence

An internal management system has been set up to define the governance, roles and responsibilities, internal audit, communication and Senior Management review as per the

Due Diligence Policy as yearly basis. The Compliance Officers, Mookda Rueengjitamorn and Khun Thitipong Patipunwasin have been assigned to manage the process, and

have a direct line of reporting to the Top management. In addition, K.G.R has a Compliance Committee to fully support the due diligence process.

1.3 Establish a strong internal system of due diligence, controls and transparency over gold supply chains, including traceability and identification of other supply chain actors
Supply chain traceability system

K.G.R Group Company Limited has a comprehensive supply chain traceability system that records and maintains supply chain information for every lot refined, including assigning a unique reference number to each input and output. Information included in the traceability system includes, but is not limited to, the following:

- i. Client name and unique reference number;
- ii. Photograph of gold received;
- iii. Weight and assay (declared and processed);
- iv. Reference to the Gold-Supplying Counterparty due diligence file; and
- vi. Date of arrival at the Refinery and date of finalization of the refining process.

1.4 Strengthen company engagement with Gold-Supplying Counterparties and, where possible, assist Gold-Supplying Counterparties in building due diligence capacities

As stated in 1.1 above, as part of **K.G.R's** KYC and onboarding process all gold-supplying counterparties are required to complete a refining application contained in Annex 2 (recycled gold)

The refining applications are extensive due diligence documents that require suppliers to provide information, including but not limited to the following:

i. Origin/Source of Precious Metals -

ii. Responsible Precious Metals Supply Chain - whether the Client has established and implemented policies and procedures that conform to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas (Supplement on Gold), whether the Client complies, or plans to comply, with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and whether the client currently complies with industry initiatives including the RJC Chain of Custody Standard

iii. AML Declaration - whether the Client has established and implemented AML policies and procedures designed to combat money laundering and financing of terrorism and whether the client has implemented systems for the identification of its customers and record keeping of customer data, including customer information in the case of recorded transactions, account opening and

other information; and

iv. **Bribery Policy** - whether the Client has established a bribery policy and whether the client or senior management ever been charged anywhere in the world for the violation of applicable anti-bribery laws or regulations.

1.5 Establish a confidential grievance mechanism

K.G.R is committed to high standards of conduct and ethical behavior. Accordingly, we have a whistleblowing policy that ensures that employees and directors can raise concerns without fear of reprisal. This policy aims to encourage people to report an issue if they genuinely believe someone has contravened the any policy, procedure or the law.

Our Policy states that a whistleblower will not be discriminated against or disadvantaged for making a report in accordance with this policy. This applies if the matter is proven or not, regardless of whether it is reported to an external authority

Step 2 - Identify and assess risk in the supply chain

Compliance Statement with Requirement:

We have fully complied with Step 2 - Identify and assess risk in the supply chain.

2.1 Identify risks in the gold supply chain

K.G.R has a variety of mechanisms to identify risks in the gold supply chain and to ensure strict adherence to the OECD Due Diligence Guidance from the point of origin to **K.G.R**. **K.G.R**'s Responsible Precious Metals Supply Chain Due Diligence Policy sets out **K.G.R**'s considerations in ensuring that all precious metal, whether received from recycled suppliers, comes from legitimate and ethical sources and does not contribute to conflict, human rights abuses, terrorist financing practices and money laundering.

2.2 Assess risks in light of the standards of their supply chain due diligence system

2.2.1 Supply chain due diligence

As part of **K.G.R**'s supply chain due diligence **K.G.R** conducts several enquiries, including the following:

i. Identifying the gold-supplying counterparty and verifying its identity using reliable, independent documents, data or information including, but not limited to, third party web searches; World bank index.

ii. Identifying the beneficial owner/s of the gold-supplying counterparty.

iii. Checking that the gold-supplying counterparty and their beneficial owners are not named on any government lists, including individuals to which the *Charter of the United Nations Act 1945* and the *Anti- Money Laundering Act B.E. 2542(1999)* currently applies, for wanted money launderers, known fraudsters or terrorists as well as a black account as per Revenue Department declaration via www.rd.co.th ; and

iv. Obtaining business and financial details with regard to the gold-supplying counterparty and information on the purpose and intended nature of the business relationship.

2.2.1.1 Recycled Gold

K.G.R's application for recycled high value gold, ornament requires information related to beneficial ownership, responsible sourcing and an AML declaration. If, for example, the client has established and implemented policies and procedures that conform to the OECD Due Diligence Guidance the client is asked to produce a copy of those policies and procures. Clients are also asked to describe their procedures in place to ensure that the precious metals purchased by the client has not financed conflict.

2.2.2 High Risk Supply Chains

K.G.R has a variety of criteria it uses when **K.G.R**, referred to at 2.2.1.2 above, as stated at 1.1

above, **K.G.R's** Compliance Officer must assign a risk rating to each potential client using

the risk matrix in our procedure Whether a client is considered "high risk" depends on a range of considerations, including the application of **K.G.R** s due diligence policies and the OECD Due Diligence Guidance.

2.2.3 High-Risk Categories

K.G.R's Due Diligence Policy requires that for all gold-supplying counterparties that are deemed to be "high risk" enhanced due diligence must be undertaken. Enhanced due diligence includes the completion of a physical site visit by an **K.G.R** representative and completion of a report

2.2.3.1 Recycled Gold from sources located in conflict or human right abuse high-risk Areas

K.G.R does not receive recycled gold from sources located in conflict or human right abuse

high-risk areas. However, as part of **K.G.R**'s recycled gold refining application we conduct a robust supply chain due diligence, including requiring a range of identity documents, on all of our recycled gold suppliers. Suppliers of recycled gold are

required to provide primary and secondary identity documents, as well as company and business documents (if applicable). As noted at 2.2.1 above, we collect data related with our supplier/client as well as web searches to verify information provided by our recycled gold suppliers.

As stated at 2.2.1 above, we also check government watch lists to ensure that gold supplying counterparties and their beneficial owners are not named on any government lists for wanted money launderers, known fraudsters or terrorists. The Compliance Officer is also responsible for completing a Politically Exposed Persons (**PEP**) check.

2.2.3.2 Gold mined from ASM and LSM located in conflict affected or human right abuse high-risk areas

To date, we has not received gold from ASM or LSM **We received gold from T.D.C.** Gold Company Due Diligence Policy requires an enhanced due diligence for all customers deemed to be "high risk" and "extreme risk". As noted, the enhanced due diligence includes the completion of a physical site visit by **K.G.R** representative and the completion of a report. When conducting a site visit the **K.G.R** representative should provide a thorough report that among other things, identifies instances of conflict and assess if gold from other sources is being unknowingly introduced into the supply chain.

2.2.4 Monitoring of transactions

K.G.R conducts ongoing monitoring of transactions with all gold-supplying counterparties to ensure that transactions are consistent with our knowledge of the counterparties supply chain and risk profile.

K.G.R receives a number of documents following the receipt of recycled gold from counterparties. These documents include; estimated weights and assay results (see representative example, reference to the clients customer file, including the supply chain due diligence file).

K.G.R employs a risk-based transaction monitoring approach towards our gold-supplying counterparties. **K.G.R** employs both qualitative and quantitative assessments when monitoring shipments received from both mined and recycled gold-supplying

counterparties. Issues identified as part of our transaction monitoring can be raised by the Compliance Officer in the Compliance Committee (see Annexure 10) in the context of an Internal Compliance Committee meeting. These concerns are then elevated to the attention of Senior Management to ensure appropriate attention.

If the background of a transaction is inconsistent, or if **K.G.R** believes is suspicious about any matter related to a transaction, **K.G.R** will lodge a Suspicious Matter Report to our client. A record of all suspicious is kept in a log held by the director.

2.3 Report risk assessment to designated Senior Management

As stated at 1.1 and 1.2 above, Senior Management retains the ultimate control and responsibility of the gold supply chain. Senior Management selects and supervises the Compliance Officer and is responsible for providing the Compliance Officer the necessary

means to perform their duty. Senior Management should approve each new supply chain

assessed as “high” or “extreme risk” and should revisit each year the decision whether to continue with these business relationships or not. The Compliance Officer reports directly

to the Legal and Compliance Counsel and other Senior Management on a monthly basis.

This reporting provides Senior Management an opportunity to review the effectiveness and performance of the supply chain due diligence procedures.

Step 3 - Design and implement a management strategy to respond to identified Risks

Compliance Statement with Requirement:

We have fully complied with Step 3 - Design and implement a management strategy to respond to identified risks.

3.1 Report findings to designated Senior Management

The Due Diligence Policy (Annexure 1) states that Senior Management retains the ultimate control and responsibility for the supply chain. Senior Management is responsible

for each new supply chain assessed as “high” or “extreme risk” and must revisit each year

the decision whether to continue with these business relationships or not.

3.2 Devise a strategy for risk management of an identified risk by either

- (i) mitigation of the risk while continuing trade,*
- (ii) mitigation of the risk while suspending trade or*
- (iii) disengagement from the risk*

Further to the OECD Due Diligence Guidance, **K.G.R** is regulated and reporting entity under the *Anti-Money Laundering and Counter-Terrorism Financing Act 1999 (Act)* and *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (AML/CTF Rules)*. Accordingly, **K.G.R** has an internal AML/CTF Program that sets out the identification, management and reduction of the risk of money laundering and terrorism financing as well as our customer

identification procedures. Moreover, **K.G.R** is subject to onerous reporting obligations under the Act and the AML/CTF Rules. Among other legal requirements, **K.G.R** is required to lodge Suspicious Matter Reports (**SMRs**) with Client within 72 hours if **K.G.R** forms a suspicion on reasonable grounds that a person or group may be committing an offence related to money laundering or terrorism financing, or any other offence.

3.3 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

K.G.R's risk-based approach necessitates regular monitoring of all medium and high risk Customer Incident Cases. **K.G.R**'s Monitoring and Risk Management Policy sets out several mechanisms to monitor the steps taken by **K.G.R**. When adopting the *mitigation of the risk while continuing trade* approach the policy states that this strategy must include qualitative and or quantitative indicators in order to measure improvement together with a reasonable deadline for achievement that has been communicated to the Customer. The advancement of the plan should be reviewed regularly and the results communicated to Senior Management. If **K.G.R** adopts the *mitigation of the risk while suspending trade* approach **K.G.R** shall suspend refining gold from the customer until it can obtain additional information confirming or refuting the preliminary assessment. Finally, when **K.G.R** adopts the *disengagement from the risk* approach **K.G.R** will immediately stop refining gold from the customer.

3.4 Undertake additional fact and risk assessments for risk requiring mitigation, or after a change of circumstances

Following the implementation of a risk mitigation strategy, the Compliance Committee will

consider whether **K.G.R** should repeat due diligence steps, or consider other measures as appropriate, to ensure effective management of risk. This is a decision that must be made after deliberations with Senior Management.

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

Compliance Statement with Requirement:

We have fully complied with Step 4 - Arrange for an independent third-party audit of the supply chain due diligence.

In accordance with the RJC, we engage the services of the assurance provider BSI to conduct an annual audit of our compliance with the RJC COC/RJC COP. By way of background, the BVC is a Switzerland certify body services firm, with offices in all around the world approximately 650 directors and professional staff. As required by the RJC COC/RJC/COP, the audit report includes:

- i. Confirmation of the auditor's professional qualification;
- ii. Confirmation of the auditor's independence;
- iii. The audit standards applied;
- iv. The auditor's assessment on the Refiner's Compliance Report; and
- v. An Annex listing the countries of origin of gold (both Mined and Recycled), and amount received from each country, for the assessment period.

Submission of Audit Report to RJC/COC and RJC/COP

K.G.R audit reports are sent to the RJC via email within three months of our 31 December financial year end.

Step 5 - Report on supply chain due diligence

Compliance Statement with Requirement:

We have fully complied with Step 5 - Report on supply chain due diligence.

We publicly report on our gold supply chain due diligence policies and practices, with appropriate regard for security, proprietary information and the legal rights of the other supply chain actors, as evidenced by the compliance material available on our company website www.kgr-group.com

Each year we prepare a Refiner Compliance Report which includes the following information:

- i. Name of Refinery;
- ii. Time period of compliance;
- iii. Summary of activities undertaken during the period to demonstrate compliance;
- iv. Refiner's level of compliance with each Step of this Guidance;
- v. Management conclusion statement on compliance with this Guidance;
- vi. An Annex listing the countries of origin of gold and amount received from each origin for the reporting period.

Corrective Action Plan

When there is a Medium / High-Risk / Zero Tolerance non-compliance, or **K.G.R** fails to satisfy at least one of the RJC COC requirements **K.G.R** is committed to preparing a Corrective Action Plan to remedy an area of concern. We will submit the Corrective Action Plan to the RJC. The Corrective Action Plan will include the following information:

- i. A description of the issue;
- ii. Reference to the relevant section in this Guidance;
- iii. Assigned risk rating of the non-compliance;
- iv. Corrective actions to be taken for each non-compliance identified;
- v. The timeframe for completion of corrective actions for each non-compliance identified; and
- vi. The person responsible for the implementation of each corrective action.

K.G.R will report to the RJC on the status of the area of concern in its next Refiner Compliance Report.

Other report comments

If users of this report wish to provide any feedback to **K.G.R** Refinery with respect to this report, they can contact **K.G.R** management on Kornmini9194@gmail.com

Yours sincerely



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Mr. Titipong Deemankongvanich

Managing Director

1/1/2025