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In Vestec 8.4.2021

# **SAFINA, a.s. COMPLIANCE REPORT**

## **RESPONSIBLE GOLD GUIDANCE**

### **Company information**

**Company name:** SAFINA, a.s.  
**Address:** Vídeňská 104, 252 50 Vestec, Praha-západ, Czech Republic  
**CID number:** CID002290  
**Reporting period:** 2019-2020  
**Date of report:** 8.4.2021  
**Scope of report:** The scope of this Compliance report includes GOLD activities by SAFINA, a.s.

SAFINA, a.s., the oldest precious metals processing company in Czech Republic, is focused on recycling of precious metals and their usage for industrial customers.

### **Summary of activities undertaken to demonstrate compliance**

This Guidance was set up to avoid contributing to conflicts or to systematic and widespread abuses of human rights, money laundering and to comply with high standards of AML and combating terrorist financing practice. SAFINA works only with approved suppliers to assure that all materials we receive are conformant with the Responsible Mineral Initiative's (RMI's) Responsible Minerals Assurance Process (RMAP) protocol.

This report aims at presenting SAFINA, a.s. compliance with the Responsible Gold Guidance and it is focused on procedures in Gold supply chain.

### **Establish strong company management systems**

#### ***To adopt a company policy regarding due diligence for supply chain of Gold***

*SAFINA's comment:* SAFINA applied the Corporate Policy on Responsible Supply Chain of Precious Metals ("Corporate Policy"). Policy and procedures are based and consistent with LBMA responsible Gold Guidance and OECD Due Diligence Guidance for Responsible Supply Chain. Supply chain policy is available on the



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SAFINA's website: [www.safina.cz/compliance-policy](http://www.safina.cz/compliance-policy). Supply chain policy was updated in 2021 to reflect requirements of EU regulation no. 2017/817

***To set up internal management structure to support supply chain due diligence***

*SAFINA's comment:* SAFINA has established strong internal management system of due diligence, controls and transparency over gold supply chain with dedicated Corporate Compliance officer and executive responsible for due diligence and conflict mineral reporting.

***To establish strong internal system of due diligence, controls and transparency over gold supply chains, including traceability and identification of other supply chain actors***

*SAFINA's comment:* SAFINA has established a strong process of suppliers evaluation that is carried out before the start of any relationship of periodically in case of long lasting cooperation. SAFINA has robust raw materials supply management system, Prior processing of materials PM, responsible employees obtain data from IT system MS NAV (for each delivery we are collecting and recording name of supplier, delivery date, type of material, expected PM content). All Gold transactions are monitored and recorded into the system and specific lot is always given unique number. Moreover our system is enabling traceability and reviewing of „material – flow“ and identification of all suppliers and material within the whole refining and manufacturing process.

Training as a part of our system

Employees (involved in Gold handling and processing) are being trained regularly on a yearly basis. During the annual training SAFINA's employees are trained to participate in the risk identification .

***To strengthen company engagement with gold-supplying counterparties and, where possible, assisted gold-supplying counterparties in building due diligence capacities?***

*SAFINA's comment:* SAFINA has strengthened interaction with the counterparties of the gold supply chain and set up process where supplier are obligated to warrant that material does not contain any conflict minerals as defined in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, will be delivered in compliance with all applicable laws, including all relevant sanctions and export controls, and is not from a source which has financed conflict or terrorism, participated in abuse of human rights or money laundering. To minimize risks of money laundering, cash operation are limited to 25 000 CZK (equivalent to 1 000 EUR), other payments to be realised via bank transfer. For new Gold suppliers the KYC- form is being sent prior to beginning any business relationship.

***To establish a company-wide communication mechanism to promote broad employee participation and risk identification to management***

*SAFINA's comment:* SAFINA has set up Code of Ethics which communicates company main values and principles. SAFINA, a.s. has created a functional e-mail address [responsiblegold@safina.cz](mailto:responsiblegold@safina.cz) and telephone



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number +420 241 024 465 for external counterparties to contact any reason related to supply chain due diligence.

At the same time SAFINA encourages its employees to voice any concerns and address any question concerning GOLD supply can, using dedicated e-mail address: [responsiblegold@safina.cz](mailto:responsiblegold@safina.cz)

Information is sent directly to the Compliance Officer who is entitled to take necessary action.

## **Identify and assess risks in the supply chain**

### ***To identify a risk in the GOLD supply chain***

*SAFINA's comment:* Recycled GOLD bearing materials and metal by-product originated mainly in Europe are our key business. SAFINA assigns level of risk to each source based on the risk identification criteria. This process is mandatory requirement for initiation of cooperation with all counterparties or periodical in case of long lasting cooperation.

SAFINA, a.s. performed risk identification and red flag check on the information collected during initial check. Any identified evidence of red flag criteria means that SAFINA relationship with supplier will be immediately stopped.

### ***To assess risks in light of the standards of their supply chain due diligence system***

*SAFINA's comment:* SAFINA assesses risks of GOLD supply chain members in accordance with the standards of its due diligence system. The due diligence process includes all GOLD bearing materials. Procedures aimed at identifying risks in the supply chain against foreign suppliers have been carried out. The requirements contain provisions regarding assessment of risks associated with suppliers as well as measures to identify suspicious transactions and reporting of those to the authorities for further decision. The monitoring of operations (transactions) of counterparties is performed by the SAFINA constantly. SAFINA does not work with suppliers with the high risk level.

### ***To report the results of risk assessment to Senior Management?***

*SAFINA's comment:* Executive officer who was appointed assesses the potential risks and Company Compliance officer verify the assessment for every GOLD supplier prior engaging in a business relationship.

## **Design and implement a management strategy to respond to identified risks**

### ***To 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?***

*SAFINA's comment:* SAFINA's set up system of risks assessment of GOLD bearing material, including risk identification process as well as procedures of cancellation of cooperation with suppliers in case of risk is disclosed. In addition identified risks identified by any employee (or third party) are carefully assessed in order to decide on necessary action.



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***To include measurable steps to be taken and achieved, monitoring of performance, annual reassessment of risk and regular reporting to Senior Management***

*SAFINA's comment:* SAFINA states that risks are being monitored and „reassessed“ annually. SAFINA conducted its activities in accordance with the Guidance. Within assessment period SAFINA identify two suppliers with high risk, which evidence were sufficient to prevent SAFINA from collaborating with them.

**Report supply chain due diligence**

*SAFINA's comment:* We have fully complied with step REPORT ON SUPPLY CHAIN DUE DILLIGENCE by publication of this report.

**Assessment Summary**

Company SAFINA, a.s. (address Vídeňská 104, 252 50 Vestec, Praha-západ, Czech Republic) has undergone RMAP assessment on 8/10/2020-9/10/2020.

Assessment company: SCS Global Services

Assessment period: 1/7/2019-30/6/2020

The assessment is valid for one year. Report is available on request.

**Management conclusion**

In conclusion SAFINA has implemented an effective management system, procedures and practices which conform with requirements of the LBMA Guidance. SAFINA is committed to continuous improvement of our management system.

**Moreover SAFINA is publicly disclosing our conflict minerals policy to all suppliers and is expecting each of them to source materials from socially responsible supply chains.**

**Other report comments**

If any reader of this report wish to provide any feedback to SAFINA with respect to this report, they can contact us using following e-mail address: [responsiblegold@safina.cz](mailto:responsiblegold@safina.cz)