



L'ORFEBRE, S.A. Step 5 Report

1. Company Information

The company is called L'Orfebre, S.A.

L'Orfebre S.A. was established in 1984, and its CID number is CID002762.

The company has one smelting facility called L'ORFEBRE, located at Edifici Comes Martines, carretera del Coll d'Ordino, AD300 Ordino, Andorra. The refining facility processes gold products.

This report covers the period starting from the last Step 5 Report published on the L'Orfebre website in August 2022 to August 2023.

2. RMAP Assessment Summary

As of the date of this Step 5 Report, L'Orfebre S.A. is in the process of its re-assessment. During this time, L'Orfebre S.A. is still listed on the RMI's public list of Conformant Gold Refiners and is considered Conformant.

<https://www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/smelter-refiner-lists/gold-refiners-list/conformant-gold-refiners/>

This re-assessment refers to the period from May 30 to May 31, 2023. The assessment was conducted by TDi Sustainability and covered the period from August 1, 2021 to April 30, 2023.

The last summary report belongs to the assessment conducted on September 27 to September 30, 2021. This assessment covered the period corresponding to June 1, 2019 to July 31, 2021.

This assessment summary report is public and available at: <https://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/LOrfebre%20Public%20Report.pdf>

3. Company Supply Chain Policy

To avoid using conflict minerals, which directly or indirectly finance or benefit armed groups and/or involve other serious human right abuses in high-risk and conflict-affected regions, L'Orfebre, S.A. has developed a supply chain policy. The supply chain policy is fully aligned with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance) and has been part of the RMAP assessment carried out in May 2023. It covers all of the risks identified in Annex II of the OECD Guidance, and its geographic scope is global. L'Orfebre S.A. is committed to addressing any Annex II risks if identified. As of the last RMAP assessment, the policy was reviewed and approved by senior management in August 2023, specifically highlighting gold as the main material in the scope. The policy





is widely disseminated to relevant stakeholders (suppliers, customers, employees etc.) and is available on L'Orfebre S.A. website at www.lorfebre.com.

L'Orfebre's senior management is strongly committed to supporting the implementation and dissemination of the Supply Chain Policy.

4. Company Management Systems

a) Management Structure

L'Orfebre, S.A. follows through on its commitments in the supply chain policy and has developed an internal procedure for due diligence with the following aspects:

i. L'Orfebre S.A.'s Regulatory Compliance Committee is responsible for overseeing the due diligence program and risk management design and implementation. The Regulatory Compliance Committee is composed of the CEO of L'Orfebre S.A., the Chief Compliance Officer and the Compliance Officer. The members of the Regulatory Compliance Committee have the appropriate experience, knowledge and competence due to their educational background and work experience.

ii. L'Orfebre S.A.'s Regulatory Compliance Committee coordinates the work of the relevant departments (senior management, Administration and Production Departments) to ensure each department follows up on their roles and responsibilities to implement the due diligence program and report any red flags and potential risks identified.

iii. The Regulatory Compliance Committee conducts two due diligence management system training once a year: one in-depth training for key personnel from all relevant departments and one general training for all L'Orfebre personnel. L'Orfebre S.A.'s training include EITI topics to support the implementation of the Extractive Industry Transparency Initiative (EITI) principles and criteria. If there is an update to the program, The Regulatory Compliance Committee conducts additional training as necessary.

iv. From the last Step 5 Report published in August 2022 to the date of this Step 5 Report, the Regulatory Compliance Committee convened on December 16, 2022, to conduct the annual review of the due diligence management system. The Committee took significant steps to enhance the system's effectiveness and streamline its functionality. Notably, the Committee has standardized the format across all policies and protocols, ensuring each now includes clearly defined objectives, the responsible parties, and the scope of application. This brings greater clarity, accountability, and uniformity to its compliance efforts.

In addition to this, the Committee implemented a prioritization system for each protocol, specifying who holds authorization responsibilities. This new feature enhances the management structure's ability to swiftly and appropriately react to varying levels of compliance and operational risks, thereby fortifying its risk management framework.





b) Internal Systems of Control

i. In line with its supply chain policy for a responsible global supply chain of minerals from conflict-affected and high-risk areas, L'Orfebre S.A. counts on a due diligence (DD) system to understand the supply chain, who are the actors in it and to know the origin of the material acquired/processed. In this regard, the Regulatory Compliance Committee applies a basic DD to all L'Orfebre S.A.'s supply chains.

This DD system includes the Know Your Counterparty (KYC) process and the Know Your Material (KYM) process. If in the application of the basic DD, any CAHRA and/or Red Flag are identified, the supply will be considered as high risk and the Regulatory Compliance Committee will have to apply enhanced due diligence. As part of the process KYM, the Production Department of L'Orfebre S.A. reviews and analyzes the material received and conducts a mass balance assessment throughout the process.

ii. L'Orfebre S.A. is part of an initiative along with other smelter/refiners and USAID that is working to support ASM in the Democratic Republic of the Congo (DRC) to become part of the formal supply chain. The USAID-funded Commercially Viable Conflict Free Gold program aims to establish a commercially-viable responsible and conflict-free supply chain for ASM gold from eastern DRC.

iii. L'Orfebre S.A. refers to RMI's grievance mechanism <https://www.responsiblemineralsinitiative.org/minerals-due-diligence/risk-management/grievance-mechanism/>

to collect information on grievances from interested parties and stakeholders. In addition, L'Orfebre S.A. has an internal grievance mechanism, which may receive grievances made by L'Orfebre's internal staff or any outsider about any aspect of the company. If you have a grievance, you may also send it by e-mail to lorfebre@lorfebre.com. For the treatment of grievances, L'Orfebre S.A. has an internal protocol that establishes that the Compliance Officer is responsible for receiving and opening a file for each grievance received. The Regulatory Compliance Committee is responsible for analyzing and resolving all grievances.

c) Record Keeping System

L'Orfebre, S.A. requires that all records relating to the due diligence program are maintained at least for 5 (five) years and that they be appropriately used and safely stored in our online company database.

5. Risk Identification

L'Orfebre, S.A. has a robust due diligence process to identify risks in the supply chain, which includes:





i. Referring to the risks in L'Orfebre S.A.'s supply chain policy, L'Orfebre S.A. established a procedure to identify CAHRAs.

During the reporting period, as a result of the RMAP Assessment, the Regulatory Compliance Committee convened on August 18, 2023, modified and updated the CAHRA identification protocol including explicitly: (i) risks related to money laundering, financing of terrorism and corruption in the CAHRA identification criteria; (ii) reference to the Section 1502 of the Dodd Frank Act (DFA 1502) to identified these countries as high-risk, namely The Democratic Republic of the Congo (DRC) and its nine adjoining countries: Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia and (iii) reference to the resources for conducting a sub-national CAHRA review

The procedure includes the resources used, the criteria to define a "conflict-affected and high-risk" area, and the frequency with which our determination is reviewed.

L'Orfebre S.A. uses the following resources to determine CAHRAs:

- *The Heidelberg Conflict Barometer provides conflict maps, representing an annual snapshot of the presence of armed conflict.*
- *The Worldwide Governance Indicators of The World Bank Group*
- *High-Risk Jurisdictions List from The Financial Action Task Force (FATF)*
- *The "Human Freedom Index" of the CATO Institute for Risk Management provides country-level risk profiles relating to humanitarian crises.*
- *The indicative and non-exhaustive list of CAHRAs provided by the European Commission pursuant to Article 14.2 of the European Union Regulation 2017/821.*
- *Section 1502 of the Dodd Frank Act (DFA 1502), namely The Democratic Republic of the Congo (DRC) and its nine adjoining countries: Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia.*

L'Orfebre S.A. will review the criteria to determine that an area or country is a CAHRA and will reassess the status of the areas or countries from which potentially will source any material annually.

ii. L'Orfebre S.A. designed a Know Your Counterparty (KYC) process to include information regarding supplier's legal status and identity, supply chain mapping and potential risks. All of our suppliers have completed and returned a KYC form. The Regulatory Compliance Committee of L'Orfebre S.A. reviews the information provided and cross-checks it through a contracted database access service with international lists, including the UN Sanctions List. When identified inconsistencies, errors or incomplete information in the KYC form, L'Orfebre S.A. communicates areas for improvement to potential suppliers, and requests an updated form.





If red flags were identified, L'Orfebre S.A. further engages with its suppliers to clarify and eventually get more supporting documents. If addressing the red flag is not possible, L'Orfebre S.A. will dismiss the relationship, in accordance with the supply chain policy. In addition, L'Orfebre S.A. requests information on the origin of each material transaction and ensures that it knows the origin of the transaction, the transportation route, and the names and locations of direct suppliers. Finally, L'Orfebre S.A. reviews all information collected in accordance with procedures for CAHRA, sanction lists, local laws and internal sourcing requirements.

iii. The scope of the risks that L'Orfebre S.A.'s due diligence process seeks to identify is aligned with the risks described in Annex II of the OECD Guidelines, and its geographic scope is global.

iv. During the reporting period, L'Orfebre S.A. did not identify any of its direct suppliers or their supply chains as being located in a CAHRA, in accordance with its CAHRA identification procedure. Additionally, the company did not detect any other 'red flag' networks as per its due diligence system.

Risk Assessment

For materials and supply chains identified with any red flags and considered "high risk", L'Orfebre S.A. will conduct enhanced due diligence including:

- i. Assessing the context of CAHRAs;*
- ii. Clarifying the chain of custody;*
- iii. Assessing the activities and relationships of upstream suppliers;*
- iv. Identifying locations and qualitative conditions of the extraction, trade, handling, and export of minerals; and*
- v. Conducting on-site assessments.*

To map the factual circumstances, conduct on-the ground assessments and assess risks in the high-risk supply chains, L'Orfebre S.A. will be based on the following:

i. L'Orfebre S.A. will conduct basic research on the CAHRAs identified in our supply chain. This included publicly available reports regarding the countries' governance, security and human rights context as well as reports specifically mentioning human rights abuses related to gold mining practices.

ii. L'Orfebre S.A. will complete a supply chain mapping to clarify the chain of custody. To complement the mapping, L'Orfebre S.A. required our direct suppliers to provide the names, locations and types of business operations for each supply chain actor between the mine sites and the in-country exporter.

iii. L'Orfebre S.A. will conduct an enhanced KYC process for all upstream actors from the trader to the mine. Working with our supply chain partners, L'Orfebre collected chain of





custody documentation for each material transaction and ensured that it understood the transaction origin and transportation route.

iv. L'Orfebre S.A. will develop a document that identifies the locations and qualitative conditions of the extraction, trade, handling, and export of minerals.

v. L'Orfebre S.A. has an internal policy that defines the procedure for conducting on-site assessments as part of the execution of the Enhanced Due Diligence if the Regulatory Compliance Committee identifies a red flag in the supply chain(s) of L'Orfebre, S.A. The on-site visits shall be conducted following the following criteria: (I) L'Orfebre, S.A. shall take into account the size of the companies and the resources available to carry out the Due Diligence; the ability to access the information gathered on-site and the company's position in the supply chain, (II) L'Orfebre S.A. shall ensure the independence of the auditor and the absence of conflicts of interest and (III) L'Orfebre shall ensure the appropriate level of competence and experience of the auditor, following the standards and processes contained in the OECD Guidance.

L'Orfebre S.A. committed to periodically visiting its suppliers and conducting an on-site evaluation of the mines, at least annually.

6. Risk Mitigation

L'Orfebre S.A.'s Supply Chain Policy and risk mitigation protocol defines possible risk mitigation strategies following the Model Policy in Annex II of the OECD Guidance. Risks identified in high-risk supply chains are mitigated as per L'Orfebre S.A.'s Risk Mitigation Plan and depending on the type of risk identified and in the event that the mitigation is not effective in the expected timeframe, the supply of material shall be suspended.

August, 2023

