

# Logam Mulia Compliance Report

No. 02/LBMA/CO/II/2023

1. Refiner's Detail	
Refiner's name	PT Aneka Tambang Tbk – UBPP Logam Mulia
Location	Jl. Pemuda Jl. Raya Bekasi KM.18, RT.2/RW.7, Jatinegara Kaum, Kec. Pulo Gadung, Kota Jakarta Timur, Daerah Khusus Ibukota Jakarta 13250, Indonesia
Reporting period	November 1 <sup>st</sup> , 2021 – December 31 <sup>st</sup> , 2022
Date of report	February 1 <sup>st</sup> , 2023
Senior management responsible for this report	Mr. Purwanto, General Manager UBPP Logam Mulia, <a href="mailto:purwanto@antam.com">purwanto@antam.com</a>

2. Summary of activities undertaken to demonstrate compliance
<b>Step 1: Establish strong company management system</b>
<p>Compliance statement with requirement:  <b>PT Aneka Tambang Tbk – UBPP Logam Mulia (hereinafter, "Logam Mulia") have fully complied with step 1: Establish strong company management system.</b></p> <p><b>Logam Mulia has adopted a company policy regarding due diligence for supply chains of gold</b></p> <p><i>Comments and demonstration of compliance:</i>            During the reporting period, Logam Mulia established and implemented appropriate gold supply chain policy, which is consistent with the model set out in LBMA Responsible Gold Guidance update version 9, as well as similar with the Annex II of the OECD Due Diligence Guidance plus environment compliance and sustainability.</p> <p>The supply chain policy has approved by General Manager, UBPP Logam Mulia and published in the website <a href="http://www.logammulia.com">www.logammulia.com</a>.</p> <p><b>Logam Mulia has set up an internal management structure to support supply chain due diligence</b></p> <p><i>Comments and demonstration of compliance:</i>            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 adopted policy. The compliance officer has been assigned to manage the system implementation, and has a direct line of reporting to the senior management. Person in charge in supply chain process and compliance has been taken participate in public training held by LBMA, on September 30<sup>th</sup>, 2022. Then on November 21<sup>st</sup>, 2022 refreshment training for all related employee had taken place to make sure that all person has adequate knowledge of LBMA responsible sourcing guidance update, risk assessment process, and site visit process sharing.</p> <p>Regarding financial transaction, since covid-19 pandemic or the year of 2019 we receive noncash payment only. As SOE and public shared company, we have financial audit annually from independent party, include compliance of financial regulation. All the financial records in</p>

<p>electronic ERP system and the database always be maintained at least 10 years which is following Indonesia fiscal regulation: UU number 28, year 2007. Other due diligence records are maintained for at least 5 years.</p>
<p><b>Logam Mulia has established a strong internal system of due diligence, controls and transparency over gold supply chain, including traceability and identification of other supply chain actors</b></p> <p><i>Comments and demonstration of compliance:</i>            Logam Mulia have a robust 'lot' receipts process, and specific documents must be received and transactional details entered before we process the gold-bearing material. We record the data of gold material including weight and purity for every process movement in the department inside refinery, so that it will ensure traceability through the process line. To record transaction data, Logam Mulia has tailored database system "Electronic Metal Accounting System" that will maintain all the data integrated and saved well.</p>
<p><b>Logam Mulia has strengthened company engagement with gold supplying counterparties, and where possible, assisted gold supplying counterparties in building due diligence capabilities</b></p> <p><i>Comments and demonstration of compliance:</i>            Logam Mulia discloses our policy to company website, so every stakeholder including our supplier could reach policy up to date. We also sent our policy on responsible sourcing to our supplier to encourage them to understand our policy. In the aims to engage our supplier following our policy regarding responsible gold sourcing, we answer their questions, address concerns, and also ask their commitment as points in the business contract. Within the year 2022, UBPP Logam Mulia had conducted an annual risk update to the Gold Mining Suppliers. This program has been done through offline site visit to supplier sourcing area. All the agreements had included the requirement of responsible sourcing. In the seminar, site visit and customer gathering program we also promote responsible sourcing awareness for our supplier as capacity building development.</p>
<p><b>Logam Mulia has established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management</b></p> <p><i>Comments and demonstration of compliance:</i>            Logam Mulia Refinery is a Business Unit under PT ANTAM Tbk, Mining SOE. By utilizing PT ANTAM Tbk whistleblowing system, we allow all the stakeholders (employees, supplier, community) to anonymously voice concern over any deviations from our policy and procedures so that Logam Mulia can identify risk in a timely manner. They can report all the unethical findings via email <a href="mailto:whistleblowing@antam.com">whistleblowing@antam.com</a> or whatsapp chat +62 81319186288. Information about whistleblowing system already published in our company website, <a href="https://www.antam.com/en/governing-antam/whistleblowing-system">https://www.antam.com/en/governing-antam/whistleblowing-system</a>.</p>

<p><b>Step 2 : Identify and assess risks in the supply chain</b></p>
<p>Compliance statement with requirement:  <b>Logam Mulia have fully complied with Step 2: Identify and assess risks in the supply chain.</b></p>
<p><b>Logam Mulia has a process to identify risks in the supply chain</b></p>
<p><i>Comments and demonstration of compliance:</i></p>

During the supply chain period from November 1<sup>st</sup>, 2021 up to December 31<sup>st</sup>, 2022 Logam Mulia has resources which come from regions as below,

- For mined source gold, Logam Mulia has 11 suppliers. Their mining sites and head office are all located in Indonesia.
- For recycled source we have imported sourcing from Australia and Singapore ports of delivery. We only accept from LBMA certified GDL refinery or trader which are comes from Singapore, Switzerland, China, Japan, Hong Kong, Taiwan, South Korea, Australia, Canada, USA.
- We also have recycled source from Indonesia domestic market. It comes from buyback transaction/ pre-consumed from our domestic retail branch. We only accept our brand product in buyback transactions. Logam Mulia has 15 retail domestic branches.

According to our due diligence procedure we ensure the sourcing area CAHRA identification follow the resources reference, UN Security Sanction List. We also ensure the resources risk category from other reference including, Dodd Frank s. 1502, EU CAHRA List, Heidelberg Barometer, Fragile States Index, UN Human Rights Office of the High Commissioner, Financial Action Task Force (FATF) Credible market intelligence on high-risk gold center/transit hubs and on countries where there is a high risk of money laundering. To determine the risk level we follow internal process refer to the SOP 11-LBMA.03.

Based on CAHRA identification record, the location of 1 oversea supplier of recycled gold is identified as CAHRA. Other countries/regions in the supply chain are non-CAHRA areas.

Logam Mulia identifies and assesses risks in the supply chain. For every supplier, we have established a client KYC data and allocated a risk profile according to our risk profile criteria. This process is now a formal requirement before entering any business relationship with a gold supplying counterparty.

During supplier risk profiling process, Logam Mulia took best effort to get independent source data in order to get balance information about supplier risk profiling.

Logam Mulia also performed site visit to increase engagement to mined Gold Suppliers that refer to LBMA RESPONSIBLE SOURCING PROGRAMME MSM/LSM SITE VISIT REPORT V3. Logam Mulia sent a team to mine suppliers' site to evaluate, observe and collect information regarding operational, legal, labor, environment, and transportation. From the visit, mined gold suppliers complied to standard.

For other recycled gold suppliers (including the one in CAHRA), Logam Mulia collected evidence to confirm all the recycled gold materials are produced by LBMA certified GDL refinery to conclude there is no risk in these supply chains.

#### **Logam Mulia assess risks in light of the standards of their due diligence system**

##### *Comments and demonstration of compliance:*

Supply chain due diligence comprising all measures required by the LBMA Responsible Gold Guidance is performed before entering in to a business relationship with any gold supplying counterpart. We performed enhanced due diligence for higher-risk categories, which includes those where gold originates from or transits via a conflict-affected or human rights abuse high-risk area, but no such situation arose during reporting period. Regarding our management system (SOP) guide that we cannot accept supplier with high risk assessment status.

**Logam Mulia report risk assessment to the designated manager**

*Comments and demonstration of compliance:*

The Compliance officer provides a commentary report to the senior management for all risk assessments which conducted to every supplier. Also, the compliance officer representing the senior management team monitoring resume and responsible gold system implementation on annually basis. Senior management retains the ultimate control and responsibility for the gold supply chain.

**Step 3: Design and implement a management system to respond to identified risks**

Compliance Statement with Requirement:

**Logam Mulia have fully complied with Step 3: Design and implement a management system to respond to identified risks.**

**Logam Mulia has devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk**

*Comments and demonstration of compliance:*

Logam Mulia has a procedure to conduct risk assessment for all suppliers. Risk study was done by the internal risk assessment team, and the result has to be reviewed by compliance officer, as well as approved by senior manager. If risk assessment results in a high-risk level, the study will continue furthermore with any employee or assessor team who may provide necessary information. During this audit period Logam Mulia did not have any such potential high-risk suppliers in our gold supply chain.

**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.**

*Comments and demonstration of compliance:*

Logam Mulia has a procedure to mitigate any risks identified, while assessment of gold supply chain counterparties during audit period demonstrated absence of high level of risk supplier.

**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.**

*Comments and Demonstration of Compliance:*

Logam Mulia engaged the services of the assurance provider RCS Global, and their independent assurance report can be viewed on Logam Mulia website, [www.logammulia.com](http://www.logammulia.com). The process regarding appoint the assurance provider followed PT ANTAM Tbk procurement policy.

**Step 5: Report on supply chain due diligence**

Compliance Statement with Requirement:

**Logam Mulia have fully complied with Step 5: Report on supply chain due diligence**

*Comments and Demonstration of Compliance:*

Further information and specific details of how Logam Mulia systems, procedures, processes and controls have been implemented to align to the specific requirements in the LBMA Responsible Sourcing Guidance have been updated and set out in our gold supply chain policy and compliance report which is available on our website [www.logammulia.com](http://www.logammulia.com).

### **3. Management conclusion**



**It can be concluded that Logam Mulia already in compliance with the requirements of the LBMA Responsible Gold Guidance for the reporting period**

In conclusion, Logam Mulia implemented effective management systems, procedures, processes and practices to conform to the requirements of the LBMA Responsible Gold Guidance, for the reporting period.

**4. Other report comments**

Logam Mulia is a unit business of PT ANTAM Tbk – recognized as Indonesia State Owned Enterprise mineral-based company. The company itself is listed on Indonesia Stock Exchange (IDX) and Australian Stock Exchange (ASX). All the governance system as SOE and listed company such as financial system & reporting that implemented by PT ANTAM Tbk, also followed by Logam Mulia system. In the year of 2022, UBPP Logam Mulia has been maintaining assurance for accreditation: ISO 37001:2016 – Anti bribery management system standard (auditor: BSI), ISO 9001:2015 (Auditor: TUV Rheinland), ISO 45001:2018 (Auditor: TUV Rheinland), and laboratory testing national standard based on ISO 17025:2017 (Auditor: Komite Akreditasi Nasional).

If users of this report wish to provide any feedback to Logam Mulia with respect to this report, they can contact my compliance officer on [nurdias.muhammad@antam.com](mailto:nurdias.muhammad@antam.com).

<p><b>Filled by</b></p> <p>Compliance Officer</p>  <p><b>Nur Dias Muhammad</b></p>	<p><b>Confirmed</b></p> <p>General Manager UBPP Logam Mulia</p>  <p><b>Purwanto</b></p>
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