



Conflict-Free Gold Standard Guidance for Assurance Providers



About the World Gold Council

The World Gold Council is the market development organisation for the gold industry. Working within the investment, jewellery and technology sectors, as well as engaging with governments and central banks, our purpose is to provide industry leadership, whilst stimulating and sustaining demand for gold.

We develop gold backed solutions, services and markets based on true market insight. As a result we create structural shifts in demand for gold across key market sectors.

We provide insights into international gold markets, helping people to better understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

Based in the UK, with operations in India, the Far East, Europe and the USA, the World Gold Council is an association whose members comprise the world's leading gold mining companies.

Our Board of Directors represents the whole of the World Gold Council membership and is chaired by Ian Telfer, who is also Chairman of Goldcorp. In most cases, members are represented on the Board by their Chairman or CEO. Members' active support of the World Gold Council represents their shared vision of ensuring a sustainable gold mining industry, based on a deep understanding of gold's role in society, now and in the future.

Member companies are¹:

African Barrick Gold Plc
Agnico-Eagle Mines Limited
Alamos Gold Inc.
AngloGold Ashanti
Barrick Gold Corporation
Centerra Gold Inc.
Cia de Minas Buenaventura SAA
Eldorado Gold Corporation
Franco-Nevada Corporation
Gold Fields Limited
Goldcorp Inc.
Golden Star Resources Limited
IAMGOLD Corporation
Kinross Gold Corporation
New Gold Inc.
Newcrest Mining Limited
Newmont Mining Corporation
Primer Mining Corporation
Royal Gold Inc.
Yamana Gold Inc.

Contents

| | |
|---|----|
| Introduction | 01 |
| Section 1: Context | 02 |
| Section 2: Key assurance concepts | 05 |
| Section 3: Guidance on application of specific assurance concepts | 07 |
| Section 4: Guidance on the assurance approach | 17 |
| Section 5: First-time reporting | 21 |
| Section 6: Deviations from Conformance and non-conformances | 22 |
| Section 7: Appendices | 23 |
| Illustrative Independent Limited Assurance Engagement Report | 24 |
| Illustrative Conflict-Free Gold Report issued by a company | 26 |

¹ As at 1st October 2012

Introduction

The World Gold Council has promulgated the *Conflict-Free Gold Standard* (the Standard) to provide a common approach by which gold producers can assess and provide assurance that their gold has been extracted in a manner that does not cause, support or benefit unlawful armed conflict or contribute to serious human rights abuses or breaches of international humanitarian law.

The Standard requires that gold producers publicly disclose their conformance through an annual Conflict-Free Gold Report, which must be externally assured. The Conflict-Free Gold Report with the accompanying independent assurance report will be made publicly available.

This *Guidance for Assurance Providers* (Assurance Guidance) sets out guidance to practitioners (referred to as assurance providers) who have been engaged to report, in accordance with recognised assurance standards, on whether a company's Conflict-Free Gold Report is prepared in accordance with the Standard. This Assurance Guidance provides assistance to assurance providers on the application of assurance standards to this specific type of engagement, and on potential assurance issues that may arise when performing this type of engagement.

An engagement to provide assurance is one in which a practitioner expresses a conclusion designed to enhance the degree of confidence of intended users in a company's reporting on its conformance with the Standard. As part of this, the assurance provider issues an independent assurance report for the stated reporting period.

The World Gold Council has developed the Assurance Guidance following consultation with gold producers, the assurance profession and other stakeholders. The Assurance Guidance has been tested alongside the Standard as part of two pilot programmes at World Gold Council member company operations. Knowledge gained from the pilot programmes, including observations from practitioners and stakeholders relating to the practical applicability of the Standard and implications for assurance, has been incorporated into this document.

This Assurance Guidance should be read in conjunction with the:

- recognised assurance standards
- the Standard
- other guidance that may be issued to companies by the World Gold Council (refer to the website www.gold.org).

Section 1: Context

1.1 Users of the Assurance Guidance

The Assurance Guidance is intended for use by assurance providers. It sets out assurance concepts and refers to a number of requirements in assurance standards, including the 'scope' and 'subject matter' of an assurance engagement. The document provides guidance on the application of assurance concepts and requirements to these engagements in accordance with the Standard. The document also provides guidance on performing the assurance engagement including site sampling, relying on existing audit and assurance functions which the company may have in place, the assurance implications associated with the reporting of non-conformances, first-time reporting and examples of assurance deliverables.

Companies may refer to this Assurance Guidance to better understand the elements of an assurance engagement and to assist them in establishing monitoring activities over their compliance with the Standard.

1.2 Use of assurance standards

The Assurance Guidance provides technical guidance to assurance providers in the application of existing recognised assurance standards to promote quality and consistency in the conduct of assurance engagements across companies.

The Assurance Guidance is not intended to be an assurance standard, and the expectation is that assurance providers will apply recognised assurance standards.

The development of the guidance draws from existing standards used for verification and assurance. The most widely used assurance standard for non-financial reporting engagements is the *International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB). However, the World Gold Council acknowledges that some assurance firms and/or jurisdictions apply other assurance or verification standards. These include, but are not limited to, AT101 attestation standard issued by the American Institute of Certified Public Accountants, local assurance standards issued by International Federation of Accountants (IFAC) member bodies that comply with the requirements consistent with ISAE 3000, and the *AA1000 AccountAbility Assurance Standard 2008* (AA1000AS).

This Assurance Guidance makes reference throughout to ISAE 3000 requirements but this is for the purposes of explaining assurance concepts and is not intended to be prescriptive.

Where assurance is performed in accordance with the AA1000AS, the assurance provider evaluates and provides a conclusion on the company's adherence to the principles of materiality, inclusivity and responsiveness and the quality of the disclosures in the reporting performance (in this case, the Conflict-Free Gold Report). This is referred to as a Type 2 AA1000AS assurance engagement.

To perform high quality assurance or verification engagements, assurance providers should comply with a robust system of quality control, which provides minimum requirements to be followed for independence, conflicts of interest, ethics and engagement quality review to be followed.

For example ISAE 3000 engagements are designed to be used with the International Standard on Quality Control 1 (ISQC) issued by the International Ethics Standards Board for Accountants (IESBA), which establish minimum quality control standards.

1.3 Application of the Standard and assurance

The Standard is designed to apply to World Gold Council member companies and other entities involved in the extraction of gold. The Standard stipulates that ‘conformance with the Standard will be externally assured’.

Companies that apply the Standard are required to report publicly on their conformance in a Conflict-Free Gold Report, in accordance with the Standard. This should be done at least annually and will cover activities over a 12-month period. The Conflict-Free Gold Report should provide an account of the implementing company’s overall conformance with the Standard which has been implemented across its operations.

An assurance provider should be engaged by the company to report, in accordance with recognised assurance standards, on whether the company’s Conflict-Free Gold Report has been prepared in accordance with the Standard.

The assurance report should be publicly disclosed alongside the Conflict-Free Gold Report, or, if that is not the case, it should be clear where it can be accessed. It is expected that users of the assurance report do so for information only, to establish that a report was commissioned from, and provided by, the assurance provider. An assurance provider’s consent to the assurance report being published is needed as publication of the assurance report is a requirement of the Standard. Consent and publication of the report are not intended to indicate that assurance providers accept any liability to parties other than their clients.

The Standard is comprised of assessments Parts A–E:

- Part A – Conflict Assessment
- Part B – Company Assessment
- Part C – Commodity Assessment
- Part D – Externally Sourced Gold Assessment, and
- Part E – Management Statement of Conformance.

Part A of the Standard requires companies to assess whether they are adhering to international sanctions and undertake a risk assessment based upon the recognition of conflict. The Part A assessment should be performed by all companies, and assessed separately for every operation. Applying the Standard’s criteria:

- Operations that are located in areas assessed to be ‘conflict-affected or high-risk’ must complete all remaining assessments in Parts B, C, D and E of the Standard
- Where operations are not located in an area assessed to be ‘conflict-affected or high-risk’ the next consideration is whether the gold or gold-bearing material is transported through any areas considered to be ‘conflict-affected or high-risk’ while under the custody of the company. If it is so transported, the remaining assessments are C, D and E
- Where operations are not located in an area assessed to be ‘conflict-affected or high-risk’ and the gold or gold-bearing material is not transported while in the custody of the company, through an area located in areas assessed to be ‘conflict-affected or high-risk’, then the applicable assessments relate to Parts D and E.

Table 1 outlines this ‘decision tree’ approach.

Table 1: Applicable parts of the Standard for the company to report on

| Standard | Relevant parts of Standard for each mining operation | | |
|--|--|--|----|
| | Is the operation located in an area assessed to be ‘conflict-affected or high-risk’? | | |
| Part A – Conflict Assessment | Yes | No | |
| | | Is gold transported through an area assessed to be ‘conflict-affected or high-risk’ while in the custody of the company? | |
| | | Yes | No |
| Part B – Company Assessment | ✓ | ✗ | ✗ |
| Part C – Commodity Assessment | ✓ | ✓ | ✗ |
| Part D – Externally Sourced Gold Assessment | ✓ | ✓ | ✓ |
| Part E – Management Statement of Conformance | ✓ | ✓ | ✓ |

1.4 Scope of the assurance engagement

The scope of the assurance engagement is to provide limited or reasonable assurance on the company's Conflict-Free Gold Report. Table 1 above outlines the parts of the Standard that are relevant for companies to report on and helps to define the scope of the assurance engagement.

The scope of the assurance engagement will be consistent with what the company is required to report on for conformance as set out in the Standard. In general, the extent of assurance work will increase based on the number of operations the company has in areas assessed to be 'conflict-affected or high-risk'. This is because the assurance provider will need to obtain sufficient assurance evidence to be satisfied that the company has appropriately reported on its conformance with Parts A–D of the Standard at each of those operations.

For companies that can demonstrate that they do not have operations in a 'conflict-affected or high-risk' area (or do not themselves transport gold or gold-bearing material through such an area), the assurance process should be less complex and restricted to reporting on Parts A and D. The assurance provider, however, needs to be in agreement with the results of the company's Part A conflict-assessment, and concur that there are, indeed, no operations assessed to be located in a 'conflict-affected or high risk' area.

Management Statement of Conformance

The Management Statement of Conformance is not specifically subject to assurance.

The assurance process helps to provide confidence to users of the Conflict-Free Gold Report that the company has the appropriate systems and processes in place to satisfy the requirements of the Standard. It does not validate that specific shipments of gold dispatched from the mine site are 'conflict-free.' Individual shipments of gold or gold-bearing material are not specifically subject to assurance.

Part E of the Standard requires that companies issue a Management Statement of Conformance either to accompany all gold shipments or gold shipments over a specified time period. The Management Statement of Conformance provides a management declaration that the gold shipment was produced by a mine which has the appropriate systems and controls in place to comply with the Standard.

The company may make reference in the Management Statement of Conformance to the latest independent assurance report being performed on the company's Conflict-Free Gold Report. However, appropriate language is required and any reference to the independent assurance report should be agreed by the assurance provider to avoid any misinterpretation in the scope of the assurance engagement.

1.5 Timing for obtaining assurance

The effective start date of the Standard is for periods commencing 1 January 2013. It is likely, but not required, that reporting is undertaken over the financial reporting cycle. In these cases, companies with a 31 December year-end will have their first reporting year-end at 31 December 2013. Assurance is applicable from the first year of reporting onwards.

It is recommended that the company publishes its Conflict-Free Gold Report and independent assurance report within four months, following their year-end reporting cycle.

Section 2: Key assurance concepts

2.1 What is assurance?

The carrying out of assurance is referred to as an assurance engagement. This is defined by *ISAE 3000* as follows:

- A process where a practitioner evaluates or measures a subject matter that is the responsibility of another party against suitable criteria
- Based on that evaluation, an independent assurance report is prepared that expresses a conclusion to provide the intended users with a degree of confidence.

Table 2: Characteristics of an assurance engagement

| Characteristics |
|--|
| Designed to enhance the confidence of intended users on the robustness and reliability of a company's reporting on its conformance with the Standard |
| Three-party relationship (between company management, assurance provider and intended users of the assurance report) |
| Evaluates the subject matter against suitable criteria |
| Obtains sufficient appropriate evidence to form a conclusion |
| The output is an independent assurance report |

For this type of assurance engagement, a three-party relationship must exist between the assurance provider, responsible party (the company) and intended users of the report. The three-party relationship consists of:

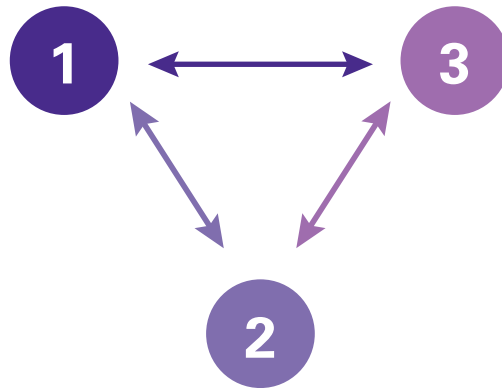
- 1 **Assurance provider** – an individual or group of practitioners that collectively possess the skills, knowledge and experience required to competently perform the assurance engagement.
- 2 **Responsible party** – the party (i.e. the company) responsible for the reported subject matter information.
- 3 **Intended users** – the parties for whom the reported subject matter information is prepared.

Figure 1 (overleaf) explains the responsibilities of the three-party relationship in relation to the Conflict-Free Gold Report assurance engagement.

Figure 1: The three-party relationship involved in the Conflict-Free Gold Report assurance engagement

1 Company management

- Responsible for demonstrating conformance to the criteria in the Standard*
- Responsible for preparing the Conflict-Free Gold Report in accordance with the Standard
- Appoints an independent assurance provider using the competencies specified in the Standard
- Provides access to all evidence required by the assurance provider.

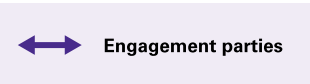


3 Intended users

- Use the Conflict-Free Gold Report and independent assurance report to assess company performance.

2 Assurance provider

- Engaged by the company to report, in accordance with recognised assurance standards, on whether the company's Conflict-Free Gold Report is prepared in accordance with the Standard
- Satisfies the competency requirements as set out in the Standard, and provides a specific declaration on this within the assurance report
- Applies recognised assurance standards, and abides by standards of quality control
- Engages with the company to review Remedial Action Plans as they arise
- Issues an independent assurance report
- Communicate assurance findings to management, for example by issuing an internal Management Report.



* The Standard sets out a number of criteria for companies to follow. The following two are worth highlighting:
 – Implement Remedial Action Plans where Deviations from Conformance are identified in accordance with the Standard
 – Issue a Management Statement of Conformance document to either accompany all gold shipments or gold shipments over a specified time period as set out in the Standard.

Section 3: Guidance on application of specific assurance concepts

Section 3 provides guidance to assurance providers on how to apply specific assurance concepts referred to within recognised assurance standards when performing a Conflict-Free Gold Report assurance engagement.

Tables 3–11 set out the key assurance concepts. The tables are structured into three columns:

- Explanation of key assurance concept
- Application of the assurance concept to the Standard, and
- Practical steps to be taken by the assurance provider.

3.1 Assurance subject matter

Table 3: World Gold Council assurance requirements

| Key assurance concept | Application to the Standard | Practical steps |
|---|--|--|
| <p>The terms 'assurance subject matter' and 'subject matter' referred to in this guidance are equivalent to the 'matters or information subject to assurance'.</p> <p>The subject matter of an assurance engagement can take many forms such as management statements and documents on:</p> <ul style="list-style-type: none"> • Policies • Performance • Systems and processes • Status of compliance • Statements of conformance • Data/Key Performance Indicators • Whole reports. <p>ISAE 3000 requires an assurance engagement to be conducted on an appropriate subject matter. It describes an appropriate subject matter as one that is identifiable and capable of consistent evaluation or measurement against identified criteria. Information should be able to be subjected to procedures for gathering sufficient appropriate evidence to support an assurance conclusion.</p> | <p>The assurance subject matter is the underlying information that goes into forming the client company's Conflict-Free Gold Report. Section 7: Appendix (ii) provides an example of a company's Conflict-Free Gold Report.</p> <p>The assurance provider should assess whether the subject matter is capable of consistent evaluation against the Standard.</p> <p>The Standard requires that the Conflict-Free Gold Report addresses the following areas:</p> <ul style="list-style-type: none"> i Reporting boundaries for the Conflict-Free Gold Report. As per the Standard, 'a review of conformance should be undertaken on a site-by-site basis and must include all operating assets under the control of, or managed by, the company.' ii Time period the conformance relates to (as per the Standard, 'will cover activities over a 12-month period'.) iii List of operations considered to be located in a 'conflict-affected or high-risk' area (as per the Standard, 'The Conflict-Free Gold Report should specify the names and locations of the operations that are located in areas assessed to be 'conflict-affected or high-risk'.') iv Non-conformances, Deviations from Conformance and Remedial Action Plans (as per the Standard, 'The Conflict-Free Gold Report should also include a summary disclosure of activities underway to achieve conformance at any operation where there is a Deviation from Conformance at the time of disclosure (if relevant), as well as noting whether there have been any Deviations from Conformance over the reporting period'.') | <p>The assurance provider may consider the following when planning assurance procedures for gathering sufficient appropriate evidence and determining if the subject matter is capable of consistent evaluation against the criteria (i.e. as set out in the Standard):</p> <ul style="list-style-type: none"> i Assess the appropriateness of the reporting boundaries the company has adopted. For example consider: <ul style="list-style-type: none"> • Whether the boundaries include all mines where there is an 'area designated by a perimeter or otherwise designated by mine management as an area under operational control.' (definition of 'Mine's area of control') • Whether the boundaries are consistent with what the company discloses in their sustainability report and/or annual report, or other information obtained by the assurance provider, and • If there are any operations excluded in the reporting boundary – in which case it would be prudent for the company to disclose these and the reason. For example: <ul style="list-style-type: none"> – Operations that are not in the control of the company, and/or managed by the company, for the entire period (i.e. acquisitions and divestments) – Joint ventures and partly owned operations where the company does not have operating control. |

| Key assurance concept | Application to the Standard | Practical steps |
|-----------------------|---|--|
| | <p>v Management conclusion on the company's overall conformance (as per the Standard, '...expected to report publicly on their conformance or otherwise with the Standard. This Conflict-Free Gold Report... provides a management conclusion'.)</p> <p>vi Management structure responsible for conformance (as per the Standard, 'the Conflict-Free Gold Report should also include: The management structure responsible for conformance with this Standard')</p> <p>vii Management Statement of Conformance(s) in accordance with Part E (as per the Standard, 'The Conflict-Free Gold Report should specifically state whether the company has provided appropriate 'Management Statement(s) of Conformance'.')</p> <p>viii Whether gold sourced from external sources has been undertaken in accordance with Part D (as per the Standard, 'A declaration as to whether the company has sourced gold from external sources and if so, whether this has been undertaken in line with risk-based due diligence procedures, as envisaged under the OECD <i>Supplement on Gold</i>, to ensure that any gold or gold-bearing materials sourced from third party miners conform with the principles expressed in the Declaration on Mining and Armed Conflict contained in this Standard.').</p> <p>ix Access to existing publicly available disclosures that are required by the Standard's requirements (as per the Standard, 'several areas where evidence of public disclosure is required when operating in an area assessed to be 'conflict-affected or high-risk'. This includes: 1 Public commitment(s) to human rights 2 Disclosure of payments to governments, in line with instruments that specifically address transparency of payments considerations, such as the Extractive Industries Transparency Initiative (EITI), authoritative national legislation or authoritative guidance, including the OECD <i>Supplement on Gold</i> 3 Processes in place by which local stakeholders can raise concerns.')</p> | <p>ii The conflict assessment in Part A of the Standard requires companies to assess which operations are located in 'conflict-affected or high-risk' areas. The Standard's primary reference source for this is the Heidelberg <i>Conflict Barometer</i>.</p> <p>In many cases where it is clear that a company does not have operations in a 'conflict-affected or high-risk' area, the assurance gathering process should be straightforward.</p> <p>In circumstances where judgement is applied by the company, the assurance provider needs to understand the process the company has followed to be comfortable with the company's conflict assessment conclusions. For example consider whether:</p> <ul style="list-style-type: none"> • Areas ranked as 5 (war) or 4 (limited war) during the past two years in the Heidelberg <i>Conflict Barometer</i> were appropriately applied • Other reference sources applied by the company are reliable and appropriately used • There is other publicly available information not considered by the company that indicates an operation may be located in a 'conflict-affected or high-risk' region (e.g. from recent political instability, performing a media search). <p>iii The assurance provider needs to consider whether any non-conformances, Deviations from Conformance and Remedial Action Plans that have arisen in the period are transparent and adequately disclosed in the Conflict-Free Gold Report.</p> <p>Consideration must also be given to the implication on the assurance conclusion. Where the assurance provider assesses that these have been adequately disclosed (i.e. a summary description of any non-conformances, Deviations from Conformance and associated Remedial Action Plans that have arisen during the period), this would not ordinarily result in a qualified conclusion.</p> <p>iv For the assurance provider to be satisfied that they agree with management's conclusion on overall conformance, they need to plan and perform limited or reasonable assurance procedures to gather evidence that the client company has conformed to the Standard's criteria and applied the requirements of the Standard appropriately. This will likely form the majority of the assurance procedures.</p> <p>The assurance provider should ensure that the company's statement of conformance with the Standard is provided by a sufficient authority. This may be in the form of a signature by the CEO, or appropriate delegate. Where the Conflict-Free Gold Report is contained within a larger publication (e.g. the company's sustainability report), the CEO or appropriate delegate's signature may appear at the beginning of the overall report.</p> |

3.2 'Assurance suitable' criteria

Table 4: World Gold Council assurance requirements

| Key assurance concept | Application to the Standard | Practical steps |
|--|--|--|
| <p>The practitioner should assess the suitability of the criteria to evaluate or measure the subject matter prior to accepting the engagement (ISAE 3000).</p> <p>The practitioner's assessment of the reporting criteria should consider the following aspects, as derived from paragraph 36 of the International Framework for Assurance Engagements:</p> <ul style="list-style-type: none"> • Relevance: relevant criteria contribute to conclusions that assist decision-making by the intended users • Completeness: criteria are sufficiently complete when relevant factors that could affect the conclusions in the context of the engagement circumstances are not omitted • Reliability: reliable criteria allow reasonably consistent evaluation or measurement of the subject matter including, where relevant, presentation and disclosure, when used in similar circumstances by similarly qualified practitioners • Neutrality: neutral criteria contribute to conclusions that are free from bias, and • Understandability: understandable criteria contribute to conclusions that are clear, comprehensive, and not subject to significantly different interpretations. <p>The criteria need to be available to the intended users to allow them to understand how the subject matter has been evaluated or measured.</p> | <p>The reporting criteria consists of the requirements set out within Parts A–E of the Standard, supplemented by how a company has decided to apply them at a more detailed level (such as through policies, procedures and internal controls).</p> <p>The assurance provider does not need to assess whether the Standard's requirements are adequate, only how the company has interpreted and applied them.</p> <p>The assurance provider does this by assessing the appropriate application of the Standard's requirements against the five characteristics of suitable criteria set out by ISAE 3000. For example:</p> <p>The company policies, processes, procedures, systems, guidance etc and how they are used to apply Parts A–E of the Standard; and how it has addressed the principles, specifically:</p> <ul style="list-style-type: none"> • Relevance: the application and interpretation of information sources used has a logical connection to the Standard • Completeness: all relevant factors that could affect the conclusions are not omitted • Reliability: The company's application is consistent across all operations • Neutrality: the information sources used to inform the company's conclusions are free from bias, and • Understandability: the company's conclusions and the reasons behind them are clear. <p>The assurance provider should document their assessment of the company's interpretation and application of the Standard's requirements during the planning phase of the engagement.</p> | <p>The assurance provider may consider it necessary for the company to disclose publicly a summary description of how the company conforms to the requirements in the Standard. For example, a brief summary of the company's policies, processes and compliance activities undertaken by the company to conform with Parts A–E of the Standard together with management accountabilities. This may assist in providing context to the intended user, assisting them to understand how the company's processes may have been reviewed and/or tested as part of the assurance scope.</p> <p>The assurance provider needs to assess whether the Conflict-Free Gold Report contains sufficient information regarding the company's interpretation and application of the Standard, as well as the minimum disclosures referred to above. Information can be referred to in the Conflict-Free Gold Report, but be disclosed elsewhere (e.g. company website).</p> <p>In the event that the assurance provider's assessment indicates the company's interpretation and application of the Standard is not suitable, the assurance provider should discuss with the Company the impact of the required changes to the interpretation and application of the Standard. If the interpretation and application of the Standard is not altered, the assurance practitioner should consider the impact on the assurance report, and whether they should issue a qualified conclusion.</p> <p>When assessing the suitability of the criteria, the assurance provider should be aware of the following:</p> <ul style="list-style-type: none"> • Professional scepticism – the need to maintain an independent and sceptical mindset and entertain a realistic possibility that management's assertions may be misstated • Management bias – there may be reputational and commercial consequences to non-conformance • Cultural considerations – the requirements of the Standard may not be easy for companies to apply across all their operations, and there may not always be a cultural fit with certain territories. The assurance provider needs to preserve a mindset that does not consider inconsistent application of the Standard, and/or unethical behaviour to be acceptable for certain areas. |

3.3 Assurance evidence

Table 5: World Gold Council assurance requirements

| Key assurance concept | Application to the Standard | Practical steps |
|--|---|--|
| <p>An assurance engagement involves performing procedures to obtain assurance evidence about the subject matter being assured. The assurance provider considers materiality, assurance engagement risk and the quantity (sufficiency) and quality (appropriateness) of evidence required when planning the nature, extent and timing of this assurance approach.</p> <p>The following provides some guidance on what assurance providers should consider:</p> <ul style="list-style-type: none"> • Materiality is a concept used by auditors in determining the nature, timing and extent of procedures required to be executed, and to assess the relative significance of identified misstatements or non-compliance in the context of the overall reported information or compliance requirements. Information is material if its misstatement or non-compliance could influence the decisions of users of the Conflict-Free Gold Report • Assurance engagement risk: the risk that the practitioner expresses an inappropriate conclusion • The nature, extent and timing of evidence gathering procedures will vary between engagements. The procedures selected depend on the assurance provider's judgement, including the assessment of the risks of material misstatement or material non-compliance of the matter being assured, whether due to fraud or error. | <p>The Standard recognises that companies may already have internal or external assurance processes that can be relied on. These may include, for example:</p> <ul style="list-style-type: none"> • Internal audits in accordance with the requirements of the <i>Voluntary Principles on Security and Human Rights</i> • Assurance of conformance with the 10 Sustainable Development Principles of the International Council on Mining and Metals (ICMM) • Meeting the requirements of the Sarbanes-Oxley Act (SOX processes) • ISO certification, and/or • GRI report assurance on the company's sustainability reporting. <p>Obtaining assurance evidence over the Conflict-Free Gold Report is not intended to duplicate existing assurance arrangements. The company and its assurance provider should consider existing audit and assurance processes, confirm where applicable the extent to which these may be relied upon and complement them as needed.</p> <p>When planning the assurance engagement, the assurance provider should obtain sufficient appropriate evidence to support their assurance conclusions on the subject matter.</p> <p>The assurance engagement should include evidence gathering at:</p> <ul style="list-style-type: none"> • corporate level, and • operations (mining and processing). <p>The operations selected and the number to be visited should be determined as part of the assurance provider's planning procedures, and will be informed by the risk assessment process undertaken.</p> | <p>Where possible, the gathering of evidence should align with the company's existing processes, controls and systems to reduce the burden of providing significant additional evidence or requirements that are not part of the normal course of operating a site in accordance with good practice.</p> <p>The assurance conclusion is on the company's overall report on conformance. The selection of sites to visit will invariably involve a discussion between the assurance provider and the company. The onus is on the practitioner to ensure that the final site selection will provide sufficient appropriate evidence.</p> <p>The assurance provider will plan the assurance procedures to be performed. Examples of the types of evidence gathering activities that an assurance provider may perform include:</p> <ul style="list-style-type: none"> • Management interviews • Document review • Site tours • Review of risk assessments • Evaluation of other audit and assurance processes/controls and determining the extent to which they may be relied upon • Testing internal controls for prevention and detection of material errors in reported information • Sample testing the integrity of underlying information • Review of management methodology documents • Assessment of the design and implementation of the process. <p>Assurance providers should retain assurance evidence for a given period in accordance with local legislation or firm retention policies. In the absence of such guidance, five years is recommended.</p> |

3.4 Level of assurance

Table 6: World Gold Council assurance requirements

| Key assurance concept | Application to the Standard | Practical steps |
|---|--|---|
| <p>ISAE 3000 defines two levels of assurance that can be delivered by the assurance provider: 'reasonable' and 'limited' assurance.</p> <ul style="list-style-type: none"> Reasonable assurance is a higher level of assurance, and a positive form of expression is issued. The objective of a reasonable assurance engagement is to reach an opinion on whether the subject matter is materially free from misstatement Limited assurance is a lower level of assurance, and a negative form of expression is issued. The objective of a limited assurance engagement is to reach a conclusion that is meaningful and not misstated based on the work performed The level of work required for a limited assurance engagement is substantially less detailed than a reasonable assurance engagement. As such, the level of assurance provided is lower than for a reasonable assurance engagement. | <p>The Standard does not prescribe the level of assurance required and companies together with their assurance providers need to determine what level of assurance is appropriate to their circumstances. Companies should engage with their assurance providers to determine which level of assurance is appropriate, and consider the needs of the intended user.</p> <p>Where the assurance engagement is not being performed in accordance with ISAE 3000, the level of assurance should be equivalent to either 'limited' or 'reasonable' as defined by ISAE 3000 and the relevant standard being used by the assurance provider should be disclosed.</p> | <p>In practice, the level of work associated with 'limited' assurance engagements can vary. The assurance procedures performed by the assurance provider may be restricted primarily to enquiries and analytical procedures, or involve further testing and evidence gathering.</p> <p>Where limited assurance is performed, the assurance provider should include a summary of procedures in the independent assurance report.</p> <p>Where there is a fundamental weakness or lack of information that prevents reasonable assurance from being provided, then it is not possible to elect for limited assurance to scope out this area of deficiency.</p> <p>In practice, for companies that do not have operations located in areas assessed to be 'conflict-affected or high-risk', there may be a relatively similar level of work involved in conducting for reasonable assurance engagement as for a limited assurance engagement. This is because the assurance procedures and assurance evidence obtained for assessments Part A, D and E may be similar.</p> |

3.5 Assurance Report

Table 7: World Gold Council assurance requirements

| Key assurance concept | Application to the Standard | Practical steps |
|---|--|--|
| <p>The assurance provider prepares an independent assurance report that includes a conclusion on whether the selected subject matter is prepared in accordance with the criteria.</p> <p>ISAE 3000 states that the practitioner should conclude whether sufficient appropriate evidence has been obtained to support the conclusion expressed in the assurance report.</p> <p>ISAE 3000 includes a list of disclosures to be included in the assurance report, which are mandatory for engagements performed in accordance with ISAE 3000. These include, but are not limited to:</p> <ul style="list-style-type: none"> • A title that clearly indicates the report is an independent assurance report • An addressee • An identification and description of the subject matter information • Identification of the criteria • Where appropriate, a description of any significant inherent limitation associated with the evaluation or measurement of the subject matter against the criteria • A statement to identify the responsible party and to describe the respective responsibilities of both the responsible party and the practitioner • A statement that the engagement was performed in accordance with ISAE 3000 • A summary of the work performed • Level of assurance • The practitioner’s conclusion (positive form expressed for reasonable assurance; negative form expressed for limited assurance) • Where appropriate, the conclusion should inform the intended users of the context in which the practitioner’s conclusion is to be read • Where the practitioner expresses a qualified conclusion, the assurance report should contain a clear description of all the reasons • The assurance report date • The name of the firm or the practitioner, and a specific location. | <p>The assurance report is prepared by the assurance provider and discloses details of the assurance engagement, and the conclusion. The assurance report should be publicly disclosed with the Conflict-Free Gold Report, or clearly sign-posted as to where it can be accessed.</p> <p>The assurance statement should include (but not be limited to):</p> <ul style="list-style-type: none"> • the scope of the assurance engagement, including a description of the subject matter (Conflict-Free Gold Report) required by the Standard • activities undertaken to obtain sufficient appropriate evidence, including the names of operations visited • for ‘limited assurance’ a description of the assurance procedures performed • assurance conclusion relating to the company’s conformance with the Standard, and • a declaration statement stating that the assurance provider satisfies the competency requirements as set out in the Standard. <p>Issues of non-conformance and the consequence for the assurance report are dealt with in Section 6: Deviations from Conformance and non-conformances.</p> | <p>Companies may already obtain independent assurance on their sustainability or corporate responsibility reporting. If the same assurance provider is engaged to conduct assurance over the Conflict-Free Gold Report, then the company and assurance provider may decide to combine the assurance activities, and issue one assurance report. In this case, assurance over the Conflict-Free Gold Report can be viewed as an extension to the scope of the sustainability report assurance engagement, and separate paragraphs on the scope and conclusion disclosed with a reference that the Conflict-Free Gold has been assured in accordance with the Assurance Guidance.</p> <p>For limited assurance engagements, a description of the assurance procedures performed is necessary for the intended user to understand the assurance work undertaken in forming the assurance provider’s conclusion.</p> <p>The assurance report includes mandatory disclosures required by ISAE 3000 or applicable assurance standards. ISAE 3000 does permit the assurance report to be expanded to include other information and explanations that are not intended to affect the assurance provider’s conclusion, such as key observations or findings made as part of the assurance engagement. However, there is a risk that the inclusion of additional findings is subjective, and may undermine the conclusion and confuse the reader of the report. It may, therefore, be preferable for the company to report on any observations for improvement within the body of the Conflict-Free Gold Report, as distinct from in the assurance report.</p> |

3.6 Modified assurance conclusions

Table 8: World Gold Council assurance requirements

| Key assurance concept | Application to the Standard | Practical steps |
|---|---|--|
| <p>The relevant guidance in relation to modified assurance conclusions (qualification, adverse or disclaimers) is contained within the <i>International Standard on Auditing ISA 705 Modifications to the Opinion in the Independent Auditor’s Report</i> and for emphasis of matter paragraphs within <i>ISA 706 Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor’s Report</i>.</p> <p>Limited guidance is provided in ISAE 3000 with respect to modified conclusions and emphasis of matter paragraphs.</p> <p>An emphasis of matter paragraph is appropriate where a matter, which is included in the company’s report, is deemed so fundamental as to bring it to the attention of the particular reader. An emphasis of matter paragraph does not result in a modification to the assurance report.</p> | <p>Assurance providers should refer to guidance in appropriate assurance standards where they are uncertain about the assurance conclusion.</p> <p>Where other assurance standards are used, equivalent reporting concepts should be applied.</p> <p>A modified assurance conclusion may result where:</p> <ul style="list-style-type: none"> • The company has a non-conformance or significant Deviation from Conformance, and the assurance provider does not believe that this has been adequately disclosed in the Conflict-Free Gold Report • Circumstances may prevent an assurance provider from obtaining sufficient appropriate assurance evidence to provide an unqualified opinion. This may include restrictions placed upon the assurance testing activities by the company, data gaps or a lack of controls. <p>The assurance provider may include an emphasis of matter paragraph to draw the user’s attention to the item(s) already disclosed in the Conflict-Free Gold Report.</p> | <p>Assurance providers should proactively engage with the company during the course of the engagement to discuss potential issues and seek appropriate amendments, and, if appropriate, encourage the company to describe those items in the Conflict-Free Gold Report so as to enable an unqualified assurance report to be issued.</p> |

3.7 Frequency of assurance

Table 9: World Gold Council assurance requirements

| Key assurance concept | Application to the Standard | Practical steps |
|---|--|--|
| The frequency of assurance means how often it is performed. | Companies are required to report and seek assurance covering the subject matters set out above on an annual basis. It is recommended that a company issue its Conflict-Free Gold Report and obtain independent assurance within four months following its year-end reporting cycle. | The timing of the assurance engagement should be agreed in advance with the company and the assurance provider. The assurance planning phase and any site visits may occur prior to the year-end reporting period, and substantive procedures on the Conflict-Free Gold Report performed shortly after year-end. For considerations on the timing of assurance in the first year, refer to Section 5: First-time reporting. |

3.8 Materiality

Table 10: World Gold Council assurance requirements

| Key assurance concept | Application to the Standard | Practical steps |
|---|--|--|
| <p>Materiality is a concept used by assurance providers in determining the nature, timing and extent of procedures required to be performed, and to assess the relative significance of identified misstatements in the context of the overall reported information.</p> <p>Information is material if its omission or misstatement could influence the decisions of the intended users of the Conflict-Free Gold Report.</p> <p>ISAE 3000 states 'the practitioner should consider materiality and engagement risk when planning and performing an assurance engagement.'</p> <p>The assurance provider should assess materiality when planning the engagement and revisit this assessment throughout the assurance engagement, and at the reporting stage prior to the assurance report being signed to determine if additional work is required.</p> | <p>As part of the planning and risk assessment stage, the assurance provider should consider the potential relevant material misstatements that are relevant to each Part (A–E) of the Standard. The assurance provider applies judgement as to whether the misstatements are material.</p> <p>Within each Part (A–E), the Standard specifies circumstances where the company's assessment is in non-conformance with the Standard's requirements. The assurance provider should consider the likelihood of these circumstances arising as they may result in a material misstatement in the Conflict-Free Gold Report if not reported accurately.</p> <p>Factors which may influence the assurance provider's assessment of materiality in the Conflict-Free Gold Report include:</p> <ul style="list-style-type: none"> • The possibility of bias or misreporting of facts • Number of operations assessed to be in a 'conflict-affected or high-risk' area • Trends reported over time such as an improvements in the control environment, and • The information needs of users (different users of the Conflict-Free Gold Report may have different assessments of materiality). <p>The materiality of misstatements must be considered individually and in aggregate with all misstatements. Some items may also be material by their omission.</p> <p>The assurance provider should maintain a summary of uncorrected misstatements throughout the engagement. Individually, or in combination, these considerations should determine whether misstatements may affect the decisions of a user of the Conflict-Free Gold Report, and the impact of these on the assurance report.</p> <p>Where numerous misstatements have arisen, the assurance provider should question the effectiveness of internal controls and, if deemed necessary, expand testing to assess whether there are any material concerns and implications for their assurance report.</p> | <p>Examples of material misstatements in relation to the company's reporting on conformance with the Standard may include (but are not limited to) the following:</p> <p>Part A – Conflict Assessment</p> <p><i>International sanctions</i> – the company has not identified that its mining and/or onward transport of gold takes place in breach of international sanctions and continues to produce/transport gold.</p> <p><i>Recognition of conflict</i> – operations are incorrectly classified by management as not being located in a 'conflict-affected or high-risk' area, and the relevant parts of the Standard are not completed.</p> <p>Part B – Company Assessment (applicable for operations assessed to be located in a 'conflict-affected or high-risk' area).</p> <p><i>Commitment to human rights</i> – the company reports that it is in compliance with the <i>Voluntary Principles on Security and Human Rights</i> (VPs), but the implementation of the VPs has not been rolled out across all operations.</p> <p><i>Corporate activities and disclosure</i> – the company has been 'credibly accused' of complicity with a human rights abuse, and the company has not publicly disclosed the facts or addressed the concerns raised.</p> <p><i>Security</i> – findings from an internal audit site report which highlighted a series of small security breaches have not been addressed 12 months following the report date.</p> <p><i>Payments and benefits-in-kind</i> – lack of effective controls surrounding payments system.</p> <p><i>Engagements, complaints and grievances</i> – the mine/s does not have a process for the identification of, and engagement with, local stakeholders and/or has not provided a process (conforming with criteria set out in the Standard) through which the public can raise concerns about the mine's activities.</p> <p>Part C – Commodity Assessment (applicable for operations considered to be located in a 'conflict-affected or high-risk' area, or while transported in such an area while in custody of producer).</p> <p><i>Control of gold at the operation</i> – the operation's gold room control procedures are not being adhered to.</p> <p><i>Transport</i> – there is no evidence of due diligence procedures being performed on the company's transport providers.</p> <p>Part D – Externally Sourced Gold Assessment</p> <p>For externally-sourced gold identified to be from an area assessed to be 'conflict-affected or high-risk', identified gaps in conformance with the <i>OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas</i>.</p> |

3.9 Assurance engagement team competencies

Table 11: World Gold Council assurance requirements

| Key assurance concept | Application to the Standard | Practical steps |
|--|--|---|
| <p>The assurance provider is an individual or group of practitioners that collectively possess the skills, knowledge and experience required to competently perform the assurance engagement.</p> <p>A multidisciplinary team should provide the expertise necessary to adequately assure a company's non-financial performance (ISAE 3000).</p> | <p>The Conflict-Free Gold Report assurance engagement should be conducted by an independent assurance provider.</p> <p>The assurance provider should only accept the engagement where they are satisfied that the engagement team collectively possess the necessary competencies, including an ability to demonstrate:</p> <ul style="list-style-type: none"> • independence (refer to the detailed criteria set out in section 4.3 selecting the assurance provider) • organisational and individual competence • experience in non-financial assurance • understanding of subject matter (refer to practical steps), and • industry expertise (refer to practical steps). <p>It is recommended that the assurance provider include an explicit declaration in the independent assurance report which confirms that they satisfy the competencies as set out in the Standard to carry out the assurance engagement.</p> | <p>Further guidance on types of external organisations providing report assurance services is provided in section 4.3: Selecting the assurance provider.</p> <p>Subject matter and industry experience in relation to the Standard may include (but not be limited to) knowledge of:</p> <ul style="list-style-type: none"> • physical metal flows, and the process integrity of gold/gold-bearing materials • security procedures, community relations activities, and payments made by operations • application of frameworks referred to within the Standard including the <i>Voluntary Principles on Security and Human Rights</i>, <i>UN Guiding Principles on Business and Human Rights</i>, the <i>OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas</i> and the <i>LBMA Responsible Gold Guidance</i> • areas assessed to be 'conflict-affected or high-risk', including related social, political and cultural considerations, and • past experience of working with gold mining companies, the gold industry and the mining industry in general. <p>If the assurance provider does not possess the necessary subject matter knowledge and competencies, they may seek to involve one or more external experts to be part of the engagement delivery team. An external expert is a person or firm not employed by the assurance provider, who possesses specialist skills, knowledge and experience in a particular field other than assurance (e.g. human rights, the gold mining industry).</p> <p>It is recommended that the assurance provider refer to <i>ISA 620 Using the Work of an Auditor's Expert</i>, or equivalent guidance, when deciding to involve an external expert.</p> |

Section 4: Guidance on the assurance approach

4.1 Site selection

The company's Conflict-Free Gold Report is with respect to its overall conformance with the Standard across its operations. The operations identified and the number selected to be visited for assurance purposes should be determined as part of the assurance provider's planning procedures, and will be informed by the risk assessment process undertaken.

The requirement for site visits will be determined by a number of factors. Assurance providers may use a risk weighted analysis to reflect more important criteria when determining the selection. There may be circumstances where the assurance provider believes that they should visit all sites because of their unique risk characteristics.

Assurance providers may use the following criteria to select a sample of mining operations to include as part of their assurance activities, including site visits:

- Number of operations assessed to be located in 'conflict-affected or high-risk' areas
- Number of operations within the same 'conflict-affected or high-risk' geographical area (e.g. multiple operations in a single area)
- Size of operations (gold production/number of employees/ financial contribution)
- Number of different types of operating facilities (e.g. carbon-in-leach, carbon-in-pulp, heap leach operations and production of gold concentrate)
- Consistent processes that can be demonstrated across operations
- Evidence that can be obtained at the corporate level
- Level of assurance – limited or reasonable
- Geographical, cultural, or regulatory influences
- Changes in operational control or activities (e.g. start up/ closure)
- Instances of prior non-conformances at operations
- Quality of management practices and performance
- Level of reliance on existing certification and assurance (e.g. internal audit), and
- Prior year assurance findings.

Where the assurance provider has obtained sufficient evidence to be satisfied with a company's determination that they do not have operations considered to be 'conflict-affected or high-risk', the assurance provider may determine that sufficient, appropriate evidence to support the assurance conclusion may be obtained from procedures performed at the corporate level, without the need for the assurance provider to visit operations.

For companies that have operations located in areas assessed to be 'conflict-affected or high-risk', it is expected that the assurance provider will need to obtain evidence at the corporate level and at a sample of operations considered to be 'conflict-affected or high-risk'. The number and nature of sites to be visited will depend on the assurance provider's professional judgement.

4.2 Using existing certifications, standards and internal audit

Companies may have in place existing internal or external assurance/certifications (or a combination of these) as part of their management systems and processes, and reporting of similar information. Assurance against a company's conformance with the Standard is not intended to duplicate existing assurance arrangements nor require these to be re-done. However, the assurance provider needs to perform sufficient procedures to be satisfied this is the case. The company and its assurance provider should consider all existing assurance processes, evaluate the extent to which this work can be used and complement them, as needed, with additional assurance work (which may include re-performing some previous assurance procedures) so as to be in a position to issue their own conclusion in accordance with the relevant assurance standard requirements.

Using the work of internal audit

Companies may have an internal audit function which regularly evaluates the procedures, processes and controls the operations have in place with regard to the subject matter of the Standard. The assurance provider may be able to rely on the work of internal audit as part of the assurance engagement. It is recommended that that the work performed is in conformance with the professional practices framework of the Institute of Internal Auditors and that the requisite external Quality Assurance Review has been performed on the Internal Audit Department.

Where it is possible to rely on work undertaken by a company's internal audit function, SOX process or any other acceptable auditable process, the assurance provider should consider the scope of these internal reviews so as to understand how it relates to the scope of the Conflict-Free Gold Report assurance activities and whether the internal audit team has sufficient competencies to audit the subject matter in question.

Where further clarity may be required to use the work of internal audit, the engagement team may refer to the requirements of ISA 610 Considering the Work of Internal Audit, or equivalent guidance.

Using the work of specialists

Where the work of other third-party service providers or subject matter specialists are to be used by the assurance provider, they should refer to the requirements of *ISA 620 Using the Work of an Auditor's Expert*, or equivalent guidance.

4.3 Selecting the assurance provider

The Standard’s intention is that all companies obtain independent assurance on their annual Conflict-Free Gold Report.

Types of external assurance providers include:

- Financial audit firms
- ISO certification firms
- Specialist sustainable development firms, and
- Firms and other organisations having sufficient competence to perform such assurance work.

In selecting an external assurance provider, companies should require the assurance provider to demonstrate that they meet the criteria in Table 4 referenced in the Standard, and also refer to Section 3.9: Assurance engagement team competencies:

Table 12: External assurance provider criteria

| Criteria |
|--|
| Providers should make a public statement of independence that makes the nature of their relationship with the reporting organisation explicit (<i>AA1000 Assurance Standard</i>) |
| An assurance provider should have no direct financial or material indirect financial interest in the assurance client (Code of Ethics for Professional Accountants) |
| An assurance provider should have no undue dependence on total fees from the assurance client (benchmark of no more than 30% of total income from assurance client recommended as per International Cyanide Management Code) |
| No member of the assurance team should be performing services for the assurance client that directly relate to the subject matter of the assurance engagement or deal in, or be a promoter of, shares and securities in the assurance client (<i>Handbook of International Auditing, Assurance, and Ethics Pronouncements</i>) |
| No member of the assurance team should be acting as an advocate on behalf of an assurance client in litigation or in resolving disputes with third parties (<i>Handbook of International Auditing, Assurance, and Ethics Pronouncements</i>) |
| Individuals involved in any specific assurance process must be demonstrably competent in terms of skills, sustainability subject matter, industry experience, assurance process experience and areas of expertise to cover the assurance topics (<i>AA1000 Assurance Standard</i>) |
| A multidisciplinary team should provide the expertise necessary to adequately assure a company’s non-financial performance (ISAE 3000) |
| The organisations through which individuals provide assurance must be able to demonstrate adequate institutional competencies, including adequate assurance oversight, understanding of the legal aspects and infrastructure (<i>AA1000 Assurance Standard</i>). |

Companies are encouraged to apply the criteria above in developing their request for proposals (RFPs). This should ensure a common understanding early in the engagement, and support both comprehensive reporting and robust assurance. Management is responsible for conformance with the Standard, and preparing for the Conflict-Free Gold Report. To enable an efficient assurance engagement, management should agree the following with assurance providers in advance:

- The company’s assessment of the number of sites located in a ‘conflict-affected or high-risk’ area
- Indicative timing and scheduling of work
- Any evidence that needs to be made available to the assurance provider.

An engagement letter, setting out the scope of the assurance engagement, key engagement details, and terms and conditions, should be signed by the assurance provider and the company before the assurance engagement commences.

4.4 Assurance deliverables

The assurance provider is recommended to provide two deliverables to the company at the conclusion of the assurance engagement.

The assurance deliverables will be provided following the company's final approved version of the Conflict-Free Gold Report. In accordance with recognised assurance standards, the assurance provider may request that the company sign a representation letter, which sets out the company's responsibilities, including an explicit statement that the company has established processes and procedures to be satisfied that they are in conformance with the Standard.

The two assurance deliverables are:

1 **Independent Assurance Report** addressed to the Board of Directors or Management, which states the assurance provider's conclusion. The assurance report must be publicly disclosed alongside the Conflict-Free Gold Report or there should be clear sign-posting as to where it can be accessed. An illustrative assurance report can be found in the Appendix.

For companies that already receive independent assurance over their sustainability reporting, it may be possible that assurance over the Standard is incorporated into the sustainability assurance report as an additional assurance scope area.

2 **Communication of 'relevant matters of governance'**

The assurance provider should report relevant governance matters arising from the assurance engagement with those charged with governance at the company. Relevant governance matters of interest are 'those that arise from the assurance engagement and, in the practitioner's opinion, are both important and relevant to those charged with governance. Relevant matters of governance interest include only those matters that have come to the attention of the practitioner while performing the assurance engagement' (ISAE 3000).

There may be some matters identified by the assurance provider which can be regarded as so important that they should be communicated to those charged with governance when they arise, and not at the conclusion of the engagement. This may include suspected fraud, significant weaknesses in the control environment, or clear cases of non-conformance identified at one or more operations.

Management Report

The assurance provider may also agree, as part of the terms of engagement, to issue a Management Report addressed to the company and for internal use only. This may be used to communicate assurance observations, findings and recommendations for improvement.

As an example, the Management Report may include:

- Introduction
- Summary of conclusions
- Details of work performed
- Summary of uncorrected misstatements
- Issues identified and recommendations for improvement
- Details of Deviations from Conformance, non-conformances and follow-up of Remedial Action Plans
- Closing meeting notes.

If a Management Report is issued, it is recommended that the actual content headings are agreed between the company and the assurance provider.

Section 5: First-time reporting

For some companies the first year of reporting is likely to be the most challenging. This is because the company will need to demonstrate conformance with the Standard, including implementing any of the Standard's requirements that are not already in place at operations, and prepare the Conflict-Free Gold Report for the first time.

The following assurance implications may be considered for the first year of reporting.

1 Readiness review – the assurance provider or another organisation may perform a 'readiness review' prior to the first year's Conflict-Free Gold Report assurance engagement commencing. This may involve the assurance provider or other organisation undertaking a gap analysis against the requirements of the Standard. A company should then report internally how it intends to address any identified gaps and provide a timeframe within which it intends to do this. The assurance provider would follow this up as part of the year-end assurance engagement on the Conflict-Free Gold Report.

In addition, where a company's systems, processes and controls are not sufficiently developed to provide appropriate assurance evidence for the Conflict-Free Gold Report, then it may not be possible to provide 'reasonable' or 'limited' assurance on some of the reported information. If this is a potential scenario, the assurance provider should discuss performing a 'readiness review' with the company prior to the assurance engagement commencing. If issues are identified and resolved early as part of this readiness review, this may reduce the likelihood of the assurance provider having to issue a qualified assurance report.

Although the assurance provider can identify weaknesses and recommend a range of courses of corrective action, should they anticipate providing assurance in future, the extent of their involvement in implementing corrective action must be limited in order so as to avoid a self-review threat.

2 Increasing the number of sites to visit – In order to obtain sufficient appropriate evidence to support the assurance conclusion, the assurance provider may judge it appropriate to visit a greater sample of operations in the first year. In some situations the assurance provider may request to visit all operations located in areas assessed to be 'conflict-affected or high-risk' (or at least one site within each 'conflict-affected or high-risk' geographical area). Following the first year, a rotation to visit all 'conflict-affected or high-risk' operations every few years may be judged appropriate depending upon the assessment of risk factors, as set out in section 4.1.

3 Management Statement of Conformance – independent assurance is not required for the company to issue the 'Management Statement of Conformance' documentation as per Part E of the Standard before the first Conflict-Free Gold Report has been published. However the language on the Management Statement of Conformance should make specific reference to the fact that external assurance has not been attained. The assurance provider may request that the company review and approve the wording adopted.

Section 6: Deviations from Conformance and non-conformances

Deviations from Conformance with the Standard and remedial actions

A Deviation from Conformance with the requirements of the Standard arises where the company fails to satisfy one or more of the Standard's requirements (aside from minor or administrative inconsistencies with the Standard that may be dealt with by the company promptly). A company can remain in conformance if it develops and implements a Remedial Action Plan as set out in the Standard.

The following assurance implications should be considered for Deviations from Conformance and remedial actions:

- Assurance providers should engage with the company to be in a position to review the Remedial Action Plan when a Deviation from Conformance is identified by the company. As per the Standard, Remedial Action Plans should include specific content and be implemented within 90 days of management becoming aware of the Deviation from Conformance
- Where the assurance provider identifies a Deviation from Conformance as part of their assurance procedures, it is recommended that they communicate this with management immediately so that the company can start to implement a Remedial Action Plan
- Where a Deviation from Conformance arises, the assurance provider should consider the implications from the planned assurance procedures, and, if considered necessary, expand testing to assess whether there are any material concerns and implications to their assurance report, and
- Encourage the company to appropriately disclose the Deviation from Conformance and Remedial Action Plan within the Conflict-Free Gold Report.

Non-conformances

Non-conformance with the *Conflict-Free Gold Standard* occurs when:

- a company adopts a Remedial Action Plan but fails to implement and complete this in a timely manner
- declines to adopt a Remedial Action Plan, or
- recognises that a Remedial Action Plan is insufficient.

The following assurance implications should be considered for non-conformances:

- Consider the implications for the planned assurance procedures. In some cases the assurance provider may decide to discontinue testing
- Where the assurance provider identifies the non-conformance, it is recommended that they confirm this fact and communicate this to those charged with governance at the company immediately
- Encourage the company to appropriately disclose that it is in non-conformance with the Standard for that period for the operation(s) concerned, and the reason/s within the Conflict-Free Gold Report, and
- Bring to the attention of the company that they are not permitted to use the Part E – Management Statement of Conformance for operation/s that are impacted by the non-conformance.

Depending on the significance and extent of the company's public disclosures relating to the identified Deviation from Conformance or non-conformance, the implications for the assurance report should be considered. There may not be a modified conclusion if the assurance provider is satisfied that the company has clearly disclosed the Deviation from Conformance or non-conformance and the reason/s within the Conflict-Free Gold Report. However, the assurance provider may decide to include an Emphasis of Matter paragraph to highlight this fact to readers.

Section 7: Appendices

- i Illustrative Independent Limited Assurance Engagement Report
- ii Illustrative Conflict-Free Gold Report issued by a company

Appendix i

Illustrative Independent Limited Assurance Engagement Report

Independent Limited Assurance Report to [company]

We were engaged by [company] to provide limited assurance on their Conflict-Free Gold Report ('the Report') for the year ended [31 December 20xx].

Assurance scope

The assurance scope consists of the company's Conflict-Free Gold Report, on pages [x] to [x].

The company's methodology for preparing the Conflict-Free Gold Report in accordance with the *Conflict-Free Gold Standard* (the Standard) is available on the company website [insert web link].

Responsibilities

The [directors/management] of [company] are responsible for the preparation and presentation of the Report in accordance with the Standard. This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived.

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with *International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board and the guidance set out in the *Guidance for Assurance Providers* issued by the World Gold Council.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

This report has been prepared for [company] for the purpose of assisting the [directors/management] in determining whether [company] has complied with the Standard and for no other purpose. Our assurance report is made solely to [company] in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than [company] for our work, or for the conclusions we have reached in the assurance report.

Limited assurance procedures performed

We planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- Enquiries of management to gain an understanding of [company's] processes, and risk management protocols in place
- Enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Report
- Visits to the following sites which were selected on the basis of operating mines for which the company is seeking to establish conformance.
 - Corporate head office
 - Site A, Country
 - Site B, Country
- Assessing the suitability of the policies, procedures and internal controls that the [company] has in place to conform with the Standard
- Review of a selection of the supporting documentation
- Test a selection of the underlying processes and controls which support the information in the Report
- Review of the presentation of the Report to ensure consistency with our findings.

Inherent limitations

Non-financial information, such as that included in the Conflict-Free Gold Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as well as the measurement criteria may change over time. It is important to read the [company's] management methodology selected available on [company's] website [insert web link].

Independence and competency statement

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the Standard to carry out the assurance engagement.

[Remedial Action Plan relating to grievance procedures

Without modifying our conclusion, we draw attention to the description of the grievance procedures that are currently being implemented at [operation names] to be in line with the Standard's requirements. The company's identified Deviation from Conformance and associated Remedial Action Plan is described on page [x] of the Conflict-Free Gold Report.]

Conclusion

Based on the limited assurance procedures performed, as described above, nothing has come to our attention that would lead us to believe that [company's] Conflict-Free Gold Report, as defined above, for the year ended [31 December 20[xx]], was not in all material respects prepared and presented in accordance with the requirements of the *Conflict-Free Gold Standard*.

[Signature]

[Assurance firm]

[Date]

[City, Country]

Appendix ii

Illustrative Conflict-Free Gold Report issued by a company

[Company] acknowledges that its license to operate means that it needs to demonstrate that gold has been extracted in a manner that does not fuel conflict. [Company] takes this responsibility seriously and has adopted the *Conflict-Free Gold Standard* (the Standard).

This Conflict-Free Gold Report summarises how [company] conforms to the requirements of the Standard for the year-ended 31 December 20[xx]. The [Executive Committee] are responsible for implementation, and they report to [name], who has ultimate responsibility for [company's] compliance.

Reporting boundary

The reporting boundary of this Conflict-Free Gold Report includes all mining and processing operations over which [company] has direct control. This is consistent with the reporting boundaries that [company] publicly discloses in its sustainability report and annual report.

Standard's requirements

The Standard is comprised of assessments Parts A–E:

- Part A – Conflict Assessment
- Part B – Company Assessment
- Part C – Commodity Assessment
- Part D – Externally Sourced Gold Assessment, and
- Part E – Management Statement of Conformance.

Part A of the Standard requires companies to assess whether they are adhering to international sanctions and undertake a risk assessment based upon the recognition of conflict. Applying the Standard's criteria, operations that are in an area ranked as 5 (war) or 4 (limited war) within the last two years of the Heidelberg *Conflict Barometer* have been classified as 'conflict-affected or high-risk' and must complete all remaining assessments in Parts B–E of the Standard. For operations not considered in a 'conflict-affected or high-risk' area and where the company does not transport gold while in the custody of the producer, the remaining assessments are D and E.

[Company]'s evaluation

Following our Part A – Conflict Assessment, [company] concluded that we did not breach any international sanctions and we have two mines considered to be in 'conflict-affected or high-risk' areas, as determined by the assessment published in Heidelberg *Conflict Barometer*. These two operations are:

- [ABC Mine]
- [DEF Mine]

We therefore undertook Parts B and C assessments as set out in the Standard for these operations.

[Company's] conclusion for Parts B and C assessments is that we were in conformance with all the criteria of the Standard. A key component of remaining in conformance with the Standard was the successful execution of a Remedial Action Plan at the [ABC Mine]. In [date], we adopted a company-wide programme for the formal identification of, and engagement with, local stakeholders, and provided an official process through which the public can raise concerns about the mine's activities. However, through the assessment, it became apparent that [ABC Mine] had not implemented the policy and had not followed the new prescribed company approach, such as an independent party being engaged to review all public concerns, and responding to those who raised concerns (where not anonymous) within 60 days. The matter was fully investigated. A Remedial Action Plan was drawn up and the necessary changes implemented within three months. The matter formed part of the regular reports sent by the mines to our quarterly board meetings, and the Board is confident that the mine management has dealt with the matter appropriately.

No other Deviations from Conformance with the Standard arose during the reporting period.

We also complied with Part D – Externally Sourced Gold Assessment as we do not source gold from third parties, and implemented the appropriate Management Statement of Conformance documentation to accompany gold being dispatched at operations as required in Part E.

In conclusion, [company] was in conformance with the criteria set out in the *Conflict-Free Gold Standard* for the reporting year end 31 December 20[xx].

[Company] engaged the services of the assurance provider [assurance firm], and their independent limited assurance report can be viewed on [page number/web link].

The Standard includes several areas where evidence of public disclosure is required. The following information can be viewed on our website [web link], along with a summary of [company's] methodology for preparing the Conflict-Free Gold Report in accordance with the Standard.

- 1 Public commitment(s) to human rights
- 2 Disclosure of payments to governments and government entities
- 3 Processes in place by which local stakeholders can raise concerns.

If users of this report wish to provide any feedback to [company] with respect to the Conflict-Free Gold Report, they can contact corporate relations on [email addresses].



The printer is accredited to
ISO14001 environmental standard.

World Gold Council

10 Old Bailey, London EC4M 7NG
United Kingdom

T +44 20 7826 4700

F +44 20 7826 4799

W www.gold.org