



Conflict-Free Gold Standard
Guidance for Implementing Companies
October 2012



Guidance for Implementing Companies

Understanding the *Guidance for Implementing Companies* (Implementation Guidance)

What the Implementation Guidance is all about

A set of tools designed to help companies, and their management, conform with the *Conflict-Free Gold Standard*.

How the Implementation Guidance should be used

The Implementation Guidance aims to serve as a helpful reference guide to any implementing company. There is a range of tools and reference materials on which companies may draw, according to their individual needs and circumstances.

Who should use the Implementation Guidance

The Implementation Guidance should be used by those responsible for implementing requirements at corporate and operational level. The Implementation Guidance can be used by both World Gold Council member companies and other entities involved in the extraction of gold.

When the Implementation Guidance should be used

It should be used and referenced whenever companies may need guidance to implement the requirements of the Standard, or where particular situations arise.

Using this interactive PDF

This PDF has been created using active links to each section of the Implementation Guidance. Links are shown in colour and/or underlined within the text – including references to the Standard or other reference materials – simply roll over and click to activate these links. Whenever the ‘home’ symbol appears click on this and it will take you directly to the document map. To navigate back to the start of each section or specific heading, use the index on the left hand side of each page to take you there. You can also activate bookmarks to help navigate your way through the Implementation Guidance.

While recognising that the tools provided in the Implementation Guidance are not designed to cover every conceivable situation in which the *Conflict-Free Gold Standard* could be applied, they are designed to help companies to implement the requirements in a variety of circumstances. The guidance and tools in the Implementation Guidance are suggestions only – they are designed to facilitate and enhance sound judgement and decision-making, not replace it. The Implementation Guidance is not designed to be prescriptive or formulaic.

3. Assembling the Evidence Pack

The Implementation Guidance is part of a suite of documents published by the World Gold Council.
The main documents are as follows:



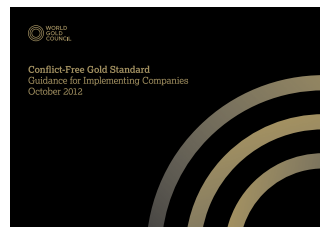
Conflict-Free Gold Standard

The *Conflict-Free Gold Standard* is designed to apply to World Gold Council member companies and other entities involved in the extraction of gold. It is 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.



Guidance for Assurance Providers

Sets out guidance for 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 *Conflict-Free Gold Standard*.



Guidance for Implementing Companies

Guidance designed to help companies and their management conform with the Standard. The guidance is non-prescriptive. It provides a range of tools and example reporting on which companies may draw, according to their individual needs and circumstances.

3. Assembling the Evidence Pack

Document map

1. Background and introduction

- [Guidance for Implementing Companies](#)
- [Foreword](#)
- [Executive summary](#)
- [Gold and conflict issues](#)
- [Structure of the Standard](#)
- [Gold's contribution to development](#)

2. Overview of conformance

- [Conformance: an overview](#)
- [Deviations from Conformance, Remedial Action Plans and non-conformance](#)
- [Non-conformances](#)
- [External reporting](#)
- [Developing the Evidence Pack](#)
- [Decision-making](#)
- [Benefits of conformance](#)
- [Appendices](#)
- [Declaration on Mining and Armed Conflict](#)
- [Potential knowledge holders](#)
- [Illustrative Remedial Action Plan](#)
- [Illustrative Conflict-Free Gold Report](#)
- [FAQs](#)

3. Assembling the Evidence Pack – Potential documentation



If **not** operating in a 'conflict-affected or high-risk area'

3. Assembling the Evidence Pack

Supporting documents

- [Additional information about the Heidelberg Conflict Barometer](#)
- [Example questionnaire regarding directors of supplier companies](#)
- [Example risk points and controls at the mine](#)

Legend

- Applicable to **all** companys' operations
- Applicable **only** to those operations operations in areas assessed to be 'conflict-affected or high-risk'

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
- Primero Mining Corporation
- Royal Gold Inc.
- Yamana Gold Inc.

Contents

Background and introduction

Guidance for Implementing Companies	01
Document map	03
Foreword by Aram Shishmanian, CEO of the World Gold Council	06
Executive summary	07
Background to 'gold and conflict' issues	08
Structure of the <i>Conflict-Free Gold Standard</i>	10
Gold's contribution to development	11

Overview of Conformance

Conformance: an overview of what is required	13
Deviations from Conformance, Remedial Action Plans and non-conformance	15
Non-conformances	17
External reporting – the Conflict-Free Gold Report	18
Developing the Evidence Pack	22
Decision-making	23
Benefits of conformance with the <i>Conflict-Free Gold Standard</i>	24
Appendices	25
Declaration on Mining and Armed Conflict	26
Potential knowledge holders for development of the Evidence Pack	27
Illustrative Remedial Action Plan	29
Illustrative Conflict-Free Gold Report	30
Frequently Asked Questions	32

Assembling the Evidence Pack

Assembling the Evidence Pack	34
Part A – Conflict Assessment	34
Part B – Company Assessment	37
Part C – Commodity Assessment	44
Part D – Externally Sourced Gold	48
Part E – Management Statement of Conformance	50

Supporting documents

Additional information about the Heidelberg <i>Conflict Barometer</i>	52
Example questionnaire regarding directors of supplier companies	55
Example risk points and controls at the mine	56
External references	60

Foreword by Aram Shishmanian, CEO of the World Gold Council

Across cultures and time, gold has been a symbol of trust. Investors trust gold to preserve wealth against the ravages of inflation. Young couples trust gold to express their love and commitment to each other. Scientists trust gold to deliver exceptional performance in a variety of technological applications.

In uncertain times, the world turns to gold. So nothing could be more important than maintaining the confidence which consumers, investors, governments and producing nations place in this precious metal.

We are introducing the *Conflict-Free Gold Standard*. Its objective is simple: to create absolute trust that the gold produced under its principles and processes is delivered in a manner which does not fuel armed conflict or fund armed groups, nor contribute to the abuse of human rights associated with such conflicts.

Responsibly undertaken, mining and its related enterprises play a crucial role in contributing to sustainable development and alleviating poverty in many of the world's developing countries. The direct economic contribution of professional gold mining creates new possibilities for these nations, their communities and individuals.

The supply chain for gold is highly complex, made so by multiple factors including gold's role as a parallel currency, high levels of recycling amounting to over 35% of annual supply, and the significant production of newly-mined gold from artisanal sources which is often informal and sometimes illegal.

Nevertheless, the World Gold Council on behalf of its member companies, together with leading refiners, has created this Standard. We believe this initiative represents a major advance towards eradicating gold that fuels conflict from the legitimate supply chain. This Standard has been widely recognised as credible and workable. In its initial draft form, our Standard was released in June 2011 and was then revised and released for a further round of consultation during 2012. Throughout, we have actively sought and incorporated feedback from the broadest range of stakeholders including governments, supply chain participants, NGOs, investors, academics and civil society organisations. This work has proceeded under the Chairmanship of Pierre Lassonde, the Chairman of Franco-Nevada Corporation.

As a result, we are confident that the *Conflict-Free Gold Standard* is robust, practical and should be fully auditable by independent third parties to ensure its integrity. It is global in scope and takes direct account of legislative developments. We will work to ensure that it complements and integrates with other industry frameworks. It has been designed from the outset to create trust that the gold which conforms with its stringent processes is untainted by armed conflict.

Gold that conforms with the *Conflict-Free Gold Standard* will tell a different story. It will reinforce the trust that people place in this precious metal and further recognise its contribution to the advancement of sustainable development and the futures of the people who produce it.

Executive summary

The *Conflict-Free Gold Standard* is designed to apply to World Gold Council member companies and other entities involved in the extraction of gold. It is a common approach by which gold producers can assess and provide assurance that their gold has been extracted in a manner that does not fuel unlawful armed conflict or contribute to serious human rights abuses or breaches of international humanitarian law.

The financial turbulence of recent years has led many people and organisations to re-evaluate the role of gold. Many countries are, once again, building up their reserves – recognising gold’s role as a store of value. In addition, gold’s unique properties have increasingly been recognised through new applications in electronics, medicine, energy efficiency and environmental science.

Regrettably, some of gold’s special characteristics – in this case its intrinsic value and portability – have made it a potential source of finance for armed groups involved in civil conflicts and insurgencies. The actual proportion of newly-mined gold that is diverted to finance conflict is extremely low – probably less than 1% of total annual gold production – but it is important that responsible actors take steps to make it harder for gold to be used in this way.

With this in mind, the World Gold Council, with our member companies, instigated work to devise a *Conflict-Free Gold Standard* towards the end of 2009. Subsequently the USA passed legislation (Section 1502 of the Dodd-Frank Act, July 2010) which declared tin, tantalum, tungsten and gold to be potential ‘conflict minerals’. The Organisation for Economic Co-operation and Development (OECD) also developed guidance on the responsible sourcing of minerals in May 2011. The former is focused entirely upon the Democratic Republic of Congo (DRC) and adjoining countries; the latter, like the World Gold Council approach, has global application to areas assessed to be ‘conflict-affected or high-risk’.

The World Gold Council and our member companies strongly support the responsible production of gold and believe that gold mining should be a source of economic and social development wherever it is found and that any possibility of gold mining funding conflict should be eradicated. The Standard requires external assurance of the Conflict-Free Gold Report. This will ensure that the implementing company has appropriate systems and processes in place to satisfy the requirements of the Standard.

This initiative matters not only because of the immediate challenge of armed conflict but also because the measures taken to counter conflict need to be structured in such a way as to avoid the stigmatisation of newly-mined gold from any particular area. Many people are alarmed that in pursuit of the important objective of excluding gold that fuels conflict from the market, unintentional harm may be caused to the livelihoods of responsible gold miners in a number of the world’s most vulnerable communities. This document includes some illustrations of the contribution made by gold mining to economic growth, poverty alleviation and development.

Background to ‘gold and conflict’ issues

The misuse of natural resources to finance or motivate armed conflict has been evident in many situations over the last 15 years: from timber in Cambodia and Liberia to diamonds in civil wars in Sierra Leone and Angola. Natural resources represent mobile and internationally tradable assets which, without countermeasures, can be used to fund armed groups and associated conflicts.

In recent years, the principal focus has been on the role of minerals in partially funding the conflict in the Democratic Republic of Congo (DRC). Over six million people are estimated to have died in that country over the last fifteen years – the heaviest loss of life in any conflict since the Second World War. Reports by the UN Group of Experts have highlighted how warlords have looted the rich mineral endowments of the eastern DRC and used them for personal enrichment and as a source of funding for their militias.

Attention in the region has focused upon four minerals: tantalum (where the DRC accounts for almost 15% of world supply); tin (c. 6% of supply); tungsten (c. 2–4% of supply) and gold. Authoritative sources estimate that the DRC produced 22.5 tonnes of gold in 2011 (0.8% of newly-mined gold for that year). It is doubtful that much, if any, of this gold would make its way into the formal gold supply chain. Until October 2011, when Banro’s Twangiza mine started production, there were no large-scale corporate gold mines in the DRC, the production otherwise coming from artisanal and small-scale sources. Weak governance, poor security and the opaque and fragmented nature of many artisanal mining groups make them easy prey for control or extortion by armed groups.

These issues are compounded by the challenges presented in trying to track consignments of gold from individual mines to its use in jewellery, electronic and other technological applications or investment products.

Gold is easily melted; once mixed with other sources of gold, as is standard practice in gold refineries, it is impossible to trace back to the mine of origin. Gold is not generally sold directly by the producer to a customer but moves through a series of complex transactions, including refiners, bullion banks, manufacturers and retailers. Gold is also inherently recyclable – indeed that is one of the key reasons why it is such an effective store of value. In recent years, over 35% of annual gold supply is from recycled (or ‘previously refined’) sources.

Furthermore, around 10% to 15% of newly mined gold comes from artisanal and small-scale sources. Although artisanal mining is an important source of economic activity in some developing countries, a significant proportion of this mining is illegal and much of it is in the informal sector, operating beyond government supervision, outside the tax regime and prone to smuggling. The provenance of such gold is sometimes, therefore, difficult to establish.

Against this background, significant work has been undertaken to address the potential misuse of gold produced in ‘conflict-affected or high risk’ areas. Along the gold-supply chain, industry-led approaches have been developed including the London Bullion Market Association’s *Responsible Gold Guidance* (which is focused on refiners), the Responsible Jewellery Council’s *Chain-of-Custody Standard for Precious Metals* and the Electronic Industry Citizenship Coalition Global e-Sustainability Initiative (EICC-GeSI) Conflict-Free Smelter Programme.

At the same time, governments and multilateral institutions have also been addressing these issues, including through:

The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas sets out a five-step process for corporate due diligence in sourcing minerals from ‘conflict-affected and high-risk’ areas². The World Gold Council has been closely involved as part of a multi-stakeholder group in the development of a *Supplement On Gold*. This was approved by Ministers in July 2012.

The Wall Street Reform and Consumer Protection

(Dodd-Frank) Act creates obligations for US-listed manufacturers to identify whether they source any of the four so-called ‘conflict minerals’ from the DRC or adjoining countries (Section 1502). If they can establish that the materials do not come from the African Great Lakes region then they have little more to do. However, if the minerals do come from the region – or they are unable to establish their origin – the company must produce a ‘conflict minerals’ report and have it audited. Many people fear, whilst supporting the humanitarian objectives behind the legislation, that to avoid the staff time, compliance costs and potential legal liabilities of producing a ‘conflict minerals’ report, manufacturers may prefer to mount a ‘de facto’ boycott of gold from the region – thereby damaging responsible producers, destroying the legitimate livelihoods of many thousands of people, and damaging the prospects for new investment.

The European Union, within the context of its overall work on trade and development and raw materials policy, has stated its intention to produce proposals on improving the traceability of minerals.

3. Assembling the Evidence Pack

² The five steps in the OECD due diligence framework are: i) establish strong company management systems; ii) identify and assess risks in the supply chain; iii) design and implement a strategy to respond to identified risks; iv) carry out independent third party audits of the supply chain at identified points; and v) report on supply chain due diligence.

Structure of the *Conflict-Free Gold Standard*

World Gold Council member companies and other entities who apply the Standard will be expected to make public statements relating to their conformance or otherwise with the Standard annually.

The Standard takes the form of a decision tree split into five sections:

- **Part A – Conflict Assessment:** this principally uses external criteria to assess whether the area in which the mine is located should be assessed to be 'conflict-affected or high-risk'.
- **Part B – Company Assessment:** where the area in which the mine is located is assessed to be 'conflict-affected or high-risk', this assesses whether the company has the appropriate systems in place in order to discharge its corporate obligations and responsibilities in this area, to avoid causing, supporting or benefiting unlawful armed conflict, or contributing to serious human rights abuses or breaches of international humanitarian law.
- **Part C – Commodity Assessment:** where the area in which the mine is located is assessed to be 'conflict-affected or high-risk', this assesses the processes in place to manage the movement of gold and gold-bearing material while in the custody of the company, so as to mitigate against the misuse of this material by groups associated with unlawful armed conflict.
- **Part D – Externally Sourced Gold Assessment:** when the mine acquires gold, this assesses the process that needs to be in place to ensure that appropriate due diligence is undertaken on this gold in relation to any potential involvement in causing or supporting unlawful armed conflict.
- **Part E – Management Statement of Conformance:** where management believe that the mine conforms with Parts A–D (as relevant), an appropriate statement needs to be provided to the next party in the chain of custody.

Each section sets out the key decisions that will determine whether the gold produced by the mine is in conformance with this Standard. Criteria are set out together with the process by which the decision can be made to assess conformance.

Throughout the *Conflict-Free Gold Standard*, reference is made to objective benchmarks and sources of best practice guidance produced by credible third parties or international codes such as the *Voluntary Principles on Security and Human Rights* and the UN *Guiding Principles on Business and Human Rights*. The production and export of gold in defiance of international sanctions, for example, triggers an automatic non-conformance.

Gold's contribution to development

While working to exclude illegitimate gold from the supply chain, it is critical that mining companies and the broader international community also recognise the important role that gold mining can play in protecting the interests of communities which are dependent upon legitimate gold production.

Over 70% of new gold production originates in non-OECD countries. In many producer countries, gold mining is a major contributor to economic growth and development. This contribution can be made through a number of routes including: macroeconomic; job creation; infrastructure development; building supply chain capabilities; human capital investment and governance.

Macroeconomic impacts

Gold mining has a disproportionately positive macroeconomic impact on some of the poorest countries in the world:

- Mali, for example, has been the third biggest producer in Africa, but is one of the poorest countries in the world. Gold is a crucial element in its route to development, accounting for some 75% of the nation's foreign exchange earnings
- A survey in Ghana, in 2010, by the Chamber of Mines found that 76% of revenues were retained in the country in the form of taxes and royalties, wages and training costs, procurement and community investments; a comparable study in Tanzania found that 70% of revenues were retained in the economy
- Gold is one of the top sources of foreign exchange earnings for countries as diverse as Papua New Guinea, Peru, Mongolia, Uzbekistan and South Africa.

Although the industry is relatively capital intensive, gold mines have a significant employment impact, especially when direct employees, contractors, suppliers and multiplier effects are taken into account. For example, in Tanzania, 15,000 people are directly employed in the formal mines and a further 50,000 are estimated to be employed in servicing the requirements of the mines.

Gold is a major source of foreign direct investment for some of the world's poorest countries and is a major driver of infrastructure and wider development. Gold mining will typically make a significant contribution to government revenues. For example, gold mining accounted for 18% and 17% of government revenues in Mali and Ghana respectively in 2010.

Infrastructure

Gold mining can create the infrastructure that helps kick-start broader economic and social development.

Mining is a foundation industry which catalyses the wider provision of key infrastructure, such as transport, piped water, electricity and telecommunications. In Tanzania, for example, African Barrick Gold has invested \$100 million, in partnership with the national utilities company, to link its four mines and many local communities to the national electricity grid.

Similarly, in Peru, Minera Yanacocha (jointly owned by Newmont, Buenaventura and the International Finance Corporation) has recently invested in a new 70km road that not only enables heavy traffic to bypass the city of Cajamarca but also creates trade and tourism opportunities for the communities of San Pablo and Chiletta.

Local procurement and livelihoods support

Responsible gold miners routinely seek to build up local supply chains in developing countries. A World Gold Council study of four major gold mines in Peru published in 2011 concludes that 90% of their procurement is from Peruvian-based companies, creating jobs and prosperity in local communities.

Newmont's 'Ahafo Linkages Program' in Ghana is a partnership with the World Bank's private sector arm to support communities in an area of subsistence farming and low educational attainment. The programme has three strands:

- Local supplier development, which created opportunities worth \$23 million over three years through the provision of management training in topics such as marketing, financial planning, budgeting and HR management
- Local economic development, through the provision of support for 44 non-mining related businesses in areas such as hospitality, catering and brick-making
- A technical development assistance programme, which has provided training to 250 individuals, including 67 women, on business and technical skills in areas such as improving agricultural practice and pottery production.

Health and education

It is common to find that a gold mine will help to establish or support schools and health clinics in local communities, as well as improving access to potable water. In fact, some of the programmes which companies are leading are becoming much more ambitious. This is true, for example, of AngloGold Ashanti's malaria control programme. This was first created around its Obuasi mine in Ghana. In recognition of this success, the Global Fund to Fight AIDS, Tuberculosis and Malaria granted the Ghana Country Coordinating Mechanism, led by AngloGold Ashanti, \$138 million to expand the programme to 40 other districts in Ghana.

Also in Ghana, on the theme of skills building and community enhancement, Gold Fields' Sustainable Community Empowerment and Economic Development (SEED) programme works to improve the economic position of 4,000 households, the health status of 30,000 local residents and the level of education and skills of 5,000 local young people and adults.

Governance

The leading gold mining companies are also active in seeking to spread international best practice and in promoting governance reforms. This may occur through capacity building schemes with local government or through initiatives like the Extractive Industries Transparency Initiative (EITI). Gold producing countries are well represented in the ranks of EITI implementing nations including: Mali, Guinea, Côte d'Ivoire, the Democratic Republic of Congo, Ghana, Tanzania, Peru, Indonesia, Mongolia and the Kyrgyz Republic. In each case, EITI succeeds or fails because of the effectiveness of the in-country coalition established between government, business and civil society.

The gold industry is committed to working to promote the stability and prosperity of the countries where it works. Assisting countries out of poverty and empowering citizens through the improvement of health, education and infrastructure helps, in turn, to strengthen institutions and to make conflict less likely to destabilise a society.

It is crucial that, in taking steps to combat the potential misuse of gold, legitimate producers are still able to find their way to market. That is one of the objectives of the *Conflict-Free Gold Standard*.

Conformance: an overview of what is required

The Standard lays out a demanding set of criteria to which implementing companies must adhere in order to demonstrate conformance. These are set out in Parts A to E. It is the responsibility of management to conform with the Standard and to determine how this is to be done.

This section sets out an overview of what is required by companies to conform with the Standard. It can be used as a reference tool to help companies implement the requirements. However, it is not designed to cover every conceivable situation.

This section includes guidance on:

- Management responsibilities
- Applicable parts of the Standard
- Deviations from Conformance, Remedial Action Plans and non-conformances
- External reporting – the Conflict-Free Gold Report
- Demonstrating conformance, including development of the Evidence Pack and Decision-making
- Benefits of conformance, and
- Appendices.

In summary, to conform with the Standard, a company should:

- 1 Adhere to the requirements in the Standard set out as the 'criteria' in Parts A–E
- 2 Report publicly on their conformance in an annual Conflict-Free Gold Report
- 3 Obtain independent assurance on the Conflict-Free Gold Report.

Management's responsibilities

The management of implementing companies are responsible for:

- Demonstrating conformance with the criteria in the Standard
- Preparing the Conflict-Free Gold Report in accordance with the Standard
- Appointing an independent assurance provider using the competencies set out in the Standard, and
- Providing access to all evidence required by the assurance provider.

Management is responsible for determining its approach to conformance, which will reflect their own specific circumstances. For further guidance refer to **Assembling the Evidence Pack**, which sets out some examples of demonstrating conformance to each Part and corresponding criterion, or criteria, as per the Standard.

The World Gold Council document titled *Guidance for Assurance Providers* sets out guidance to 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. As part of the assurance engagement, the assurance provider will evaluate the evidence that supports the company's conformance.

Applicable parts of the Standard

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 implementing companies, and assessed separately for every operation.

Applying the Standard's criteria:

- Mines that are considered to be located in areas assessed to be 'conflict-affected or high-risk' must complete all remaining assessments: Parts B, C, D and E of the Standard
- Where mines are not considered to be located in areas assessed to be 'conflict-affected or high-risk' the next consideration is whether the gold or gold-bearing material is transported through any areas assessed to be 'conflict-affected or high-risk' while under the custody of the company. Where this is the case, the next consideration is the Commodity Assessment set out in Part C
- Where the company assesses that neither the area where the mine is operating, nor any areas through which the gold or gold-bearing material is transported while in the custody of the company is assessed to be 'conflict-affected or high-risk', the next consideration is 'Externally Sourced Gold', set out in Part D.

Table 1 outlines this 'decision tree' approach.

Table 1: Applicable parts of the World Gold Council Standard

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	✓	✓	✓

3. Assembling the Evidence Pack

Overview of conformance

Deviations from Conformance, Remedial Action Plans and non-conformance

Deviations from Conformance with the Standard and remedial actions

A Deviation from Conformance with the Standard arises when the company fails to satisfy one or more of the Standard's requirements (aside from minor or administrative inconsistencies with the Standard that can be corrected or dealt promptly with by the company). A company can remain in conformance if it develops and implements a Remedial Action Plan as set out in the Standard. This is demonstrated schematically in Table 2 below.

Table 2: Possible outcomes of Deviations from Conformance and non-conformance

Reference to Standard	'Test' criteria	Possible outcomes		
		A	B	C
Part A Conflict Assessment	1. International sanctions 2. Recognition of conflict	✓ ✓	✓ ✓	✓ ✓
Part B Company Assessment	1. Commitment to human rights 2. Corporate activities 3. Security 4. Payments and benefits-in-kind 5. Engagement, complaints and grievances	✓ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓
Part C Commodity Assessment	1. Nature of gold production 2. Control of gold at the operation 3. Transport	✓ ✓ ✓	✓ ✓ ✓	✓ ✗
Part D Externally Sourced Gold Assessment		✓	✓	
Part E Management Statement of Conformance		✓	✓	

Conformance

Conformance

Non-conformance

⚠ Remedial Action Plan in progress

⚠ Clear case of Non-conformance

3. Assembling the Evidence Pack

Possible outcomes

- A** The company can demonstrate that it satisfies all assessments thereby achieving **Conformance**.
- B** The company has identified a **Deviation from Conformance** in the assessment 'Commitment to human rights.' The company has implemented a Remedial Action Plan within 90 days to address the Deviation from Conformance. The company can therefore remain in **Conformance** during the reporting period.
- C** The company has a **Non-conformance** arising from the assessment in 'Control of gold at the operation'. Management identified a **Deviation from Conformance** due to ineffective management systems to secure and track the flow of gold, which allowed for some gold shipments to be misreported. A Remedial Action Plan was not implemented within 90 days following identification of the issue. Consequently, the company is deemed to be in **Non-conformance** with the Standard for the reporting period.

Where a Deviation from Conformance of the Standard arises, the company should consider the following:

- Create and action a Remedial Action Plan within 90 days of management becoming aware of the Deviation from Conformance with the Standard
- Notify the next participant in the chain of custody to the Deviation from Conformance and adoption of the Remedial Action Plan. In most cases this will be the refiner to which the gold shipments are sent
- Provide a copy of the Remedial Action Plan to the company's assurance provider when it arises. The assurance provider needs to consider the implications for their planned assurance procedures, and also review the Remedial Action Plan, and
- The Conflict-Free Gold Report should include a reference to the existence of a Deviation from Conformance and state that there is a Remedial Action Plan in place to address this.

Included within the Remedial Action Plan should be:

- 1 A description of the Deviation from Conformance
- 2 Corrective action to be taken by the company
- 3 Identification of responsible parties for corrective actions
- 4 Estimated timeframes for implementation
- 5 Such other matters as the company deems appropriate.

An example of a Remedial Action Plan template is contained in Appendix 3. This is not prescriptive and implementing companies may wish to utilise their own processes for incident investigation instead.

Overview of conformance

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 Remedial Action Plan in a timely manner
- declines to adopt a Remedial Action Plan
- recognises that a Remedial Action Plan is insufficient.

Where the company cannot address the Deviation from Conformance of the Standard via its Remedial Action Plan (whether revised or not), or a period of six months has passed since the adoption of the Remedial Action Plan and the breach continues unabated, the company will be deemed to be in non-conformance.

Where the company does not implement a Remedial Action Plan in respect of the Deviation from Conformance, the company will be deemed to be in non-conformance.

Where a non-conformance arises, the company should consider the following implications:

- Disclose the non-conformance with the Standard for that period within the Conflict-Free Gold Report
- Promptly notify the next participant in the chain of custody of the non-conformance
- No longer use the Part E – Management Statement of Conformance for operation(s) that are impacted by the non-conformance
- Promptly notify the non-conformance to the assurance provider.

Examples of ‘breaches’ of the Standard

Within each Part (A–E) under the heading ‘Process,’ the Standard specifies circumstances where the assessment concludes that the company is considered to be in non-conformance. In these circumstances a Deviation from Conformance has arisen and a Remedial Action Plan should be implemented for the company to remain in conformance during the period. The following table provides some examples:

Table 3: Examples of Deviations from Conformance with the Standard

Reference to the Standard	Scenario
Part A – International sanctions	The company has failed to identify that its mining and/or onward transport of gold takes place in breach of international sanctions and continues to produce/transport gold.
Part B – Engagement, complaints and grievances	The mine(s) does not have a process for the identification of, and engagement with, local stakeholders and/or has not provided a process through which the public can raise concerns about the mine(s) activities.
Part C – Control of gold at the operation	The company does not have sufficiently robust management systems in place to secure and track the flow of gold and gold-bearing material within the mine’s area of control.
Part D – Externally sourced gold	The implementing company has identified externally-sourced gold from an area assessed as ‘conflict-affected or high-risk’ and identified gaps in conformance with the <i>OECD Due Diligence for Responsible Sourcing of Minerals from Conflict-Affected and High-Risk Areas</i> .

Overview of conformance

External reporting – the Conflict-Free Gold Report

Implementing companies are required to report publicly on their conformance in a Conflict-Free Gold Report, in accordance with the Standard on an annual basis which will cover activities over a 12-month reporting period. The Conflict-Free Gold Report applies to the company's overall conformance with the Standard as implemented across its operations.

Regarding conformance and public disclosure, the Standard states:

'World Gold Council members companies and other entities who apply the Standard will be expected to report publicly on their conformance or otherwise with the Standard. This report, the Conflict-Free Gold Report, which provides a management conclusion on the company's overall conformance, should be publicly disclosed either in company reports (e.g. the annual financial report or the sustainability report) and/or on the company website. This should be done at least annually and will cover activities over a 12-month period.'

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. It is recommended that companies apply reporting boundaries consistent with their existing reporting arrangements. Implementing companies should use their best endeavours to seek to ensure that the joint ventures in which they are actively involved also implement the Standard, albeit their conformance may be reported separately. 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'.

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.

In line with the OECD Supplement on Gold, the Conflict-Free Gold Report should also include:

- *The management structure responsible for conformance with this 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 Supplement on Gold, to ensure that any gold or gold-bearing materials sourced from third party miners conforms with the principles expressed in the Declaration on Mining and Armed Conflict contained in this Standard.*

Further public disclosure, including the release of the full or partial or summary report to management from the assurance provider – and/or areas that the company identifies as areas for improvement – is a matter for the company to determine at its discretion (with input, as appropriate, from its assurance provider). In many cases, there may be security or legal considerations that restrict the public disclosure of this additional information.'

Publishing the Conflict-Free Gold Report

The company can decide where to publish the Conflict-Free Gold Report. It must be publicly available and might be published on the company website or in company reports (e.g. the annual financial report or the sustainability report).

It is recommended that a company issue its Conflict-Free Gold Report within four months following its year-end reporting date. In practice this may be earlier if the Conflict-Free Gold Report is published within the annual report or annual sustainability report, or if other stakeholders are relying on the company's ongoing compliance status (e.g. refiners as part of their due diligence procedures).

An illustration of a Conflict-Free Gold Report is contained in Appendix 4. This is an example which companies may use as a guide but it is not intended to be prescriptive. A company may decide to include more detail in its Conflict-Free Gold Report, such as descriptions of the policies and procedures that have to be in place to conform with the Standard's criteria. It is recommended that the company engage with its assurance provider early in the reporting process, so that the assurance provider can provide feedback on the disclosures the company is intending to publish. Where the assurance provider considers that the disclosures are insufficient, this may have implications for the assurance conclusion.

The Standard requires that the Conflict-Free Gold Report addresses the following areas:

Table 4: Recommended inclusions in the Conflict-Free Gold Report

	Area	Language in Standard	Practical tips
1	Reporting boundaries for the Conflict-Free Gold Report. This includes all operations over which a company has control	<i>'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. It is recommended that companies apply reporting boundaries consistent with their existing reporting arrangements.'</i>	<p>Companies should report which operations fall within the confines of the Standard, and thus constitute the reporting boundaries.</p> <p>The following general principles can be considered:</p> <ul style="list-style-type: none"> • Include all mines where there is an 'area designated by a perimeter or otherwise designated by mine management as an area under operational control' (see definition of 'Mine's area of control') • If reporting boundaries are consistent with those used by the company discloses in its sustainability report and/or annual report, then this should be stated • The Standard only applies to mining operations, and excludes non- operating entities, holding companies, sales offices etc and exploration sites. Note that the corporate level is ultimately responsible for the company's conformance with the Standard; however the physical location of the corporate office has no bearing on conformance with the Standard, and • Where there are any operations excluded in the reporting boundary, the company may decide to disclose these and the reason. For example: <ul style="list-style-type: none"> – Operations that were not in the control of the company for the entire period (i.e. acquisitions and divestments) – Joint ventures and partly owned operations where the company does not hold operating control.
2	Time period	<i>'Cover activities over a 12-month period'</i>	The company should produce the Conflict-Free Gold Report in line with its normal year-end reporting cycle, and the assessment period should be specified.
3	List of operations assessed to be in a 'conflict-affected or high-risk' area	<i>'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'.</i>	Companies are not required, but may choose to disclose reasons why the operation is considered to be in a 'conflict-affected or high-risk' area (e.g. the operation was in an area rated as Level 4 (limited war) on the latest Heidelberg <i>Conflict Barometer</i>).
4	Deviations from Conformance, Remedial Action Plans and non-conformances	<i>'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.'</i>	<p>Any Deviations from Conformance or non-conformance should be disclosed in the Conflict-Free Gold Report. The associated Remedial Action Plan (if applicable) should include a description of activities underway to achieve conformance. It should be noted that the Remedial Action Plan itself does not need to be publicly disclosed.</p> <p>If there have been no Deviations from Conformance, this should be explicitly stated.</p>
5	Management conclusion on the company's overall conformance	<i>'This report, the Conflict-Free Gold Report, which provides a management conclusion.'</i>	The Conflict-Free Gold Report should include an overall statement on conformance. If there are operations that are not in conformance for the full reporting period, they should be specified.

3. Assembling the Evidence Pack

	Area	Language in Standard	Practical tips
6	Management structure responsible for conformance	<i>'The Conflict-Free Gold Report should also include: The management structure responsible for conformance with this Standard.'</i>	It is recommended that the company's Management Statement of Conformance be accompanied by a management sign-off. Where the Conflict-Free Gold Report is contained within a larger publication, such as the group sustainability report, the CEO or appropriate delegate's signature may appear at the beginning of the overall report.
7	Gold from external sources (in accordance with Part D)	<i>'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 Supplement on Gold, 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.'</i>	Companies sourcing gold or gold-bearing material should undertake risk-based due diligence on their gold suppliers. Due diligence should aim to ensure that gold from external sources does not contribute to unlawful armed conflict, serious human rights abuses or breaches of international humanitarian law.
8	Access to existing publicly available disclosures that are required as per the Standard's requirements	<i>'The Standard includes several areas where evidence of public disclosure is required when operating in an area assessed to be 'conflict-affected or high-risk'. This includes:</i> <i>1 Public commitment(s) to human rights</i> <i>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 Supplement on Gold</i> <i>3 Processes in place by which local stakeholders can raise concerns.</i> <i>It is recommended that companies include references to where these public disclosures can be found, alongside their Conflict-Free Gold Report.'</i>	Companies may consider developing a Conflict-Free Gold repository on their website which provides a central place where all applicable documentation can be accessed.

3. Assembling the Evidence Pack

Overview of conformance

Developing the Evidence Pack

Collating the Evidence Pack

Management is responsible for determining its approach to conformance with the Standard, and to demonstrate that they have satisfied the Part A–E assessments relevant to each operation.

The term ‘Evidence Pack’ has been used throughout the Implementation Guidance to describe the material that can be used to support the company’s conformance. Examples are included within the ‘Potential Documentation Tables’ included in the ‘Assembling the Evidence Pack’ section. In the ‘Assembling the Evidence Pack’ section, there are examples of policies, procedures and other documentation that could be used to demonstrate conformance. This may assist companies in undertaking their assessments and gathering evidence which may be reviewed by an independent assurance provider.

The intent in listing potential documentation is to demonstrate the types of evidence that might be appropriate in certain circumstances. Circumstances differ and companies – with the support and engagement of their external assurance provider – should carefully consider their individual situation and not adopt a ‘one size fits all’ response. Implementing companies are responsible for determining their appropriate response reflecting their own specific business needs, risks and risk appetite and circumstances.

Retention of documentation

It is suggested that a company retain the Evidence Pack documentation for a minimum of five years. This is aligned with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*³ and the London Bullion Market Association’s *LBMA Responsible Gold Guidance*, which both recommend that a company retain records for five years on a computerised database.

3. Assembling the Evidence Pack

3 *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas* p24, 2011

Overview of conformance

Decision-making

It is for the company to review the assessment in line with the guidance provided in the Standard. To address the uncertainties that may arise in arriving at any decision, the Standard provides for the following to be taken into consideration:

- Where information in the public domain does not relate to the year in which the assessment is being undertaken, or the prior year, the company can:
 - use the most recent publicly available information, or
 - use more up-to-date information in its possession, on the condition that it shares the information with the external assurance provider
- Where information from different sources in the public domain materially affects the decision, the company can:
 - use the information that leads to the more conservative decision, or
 - use the information that leads to the less conservative decision, on the condition that it shares the reasons behind the selection of this information with the external assurance provider.

Where the company believes information in the public domain will be revised within the next six months and where the new information might materially affect the decision, the company can use the existing information and revise the assessment when the new information is published.

Overview of conformance

Benefits of conformance with the *Conflict-Free Gold Standard*

Listed below are some of the benefits of conformance with the *Conflict-Free Gold Standard*

- Creates transparency and trust that gold is produced by companies which do not fuel armed conflict or fund armed groups, nor contribute to the abuse of human rights associated with such conflicts
- Demonstrates strong corporate governance policies and controls, and a commitment to operate responsibly, thereby reassuring stakeholders in government, civil society, the investment community and the gold market
- Supports the risk-based due diligence that gold mining companies, their suppliers and customers may undertake in line with the *OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Area*
- If appropriate, may support activities undertaken by companies to meet the requirements of legislation such as Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Act
- If appropriate, may support activities undertaken by companies to meet the requirements of legislation such as the US Foreign Corrupt Practices Act and other anti-corruption and anti-bribery legislation
- May form part of a broader engagement programme with external stakeholders, including local communities and host government
- Supports the due diligence requirements of downstream supply-chain participants, in particular, refiners, including those required to comply with the London Bullion Market Association's *LBMA Responsible Gold Guidance*⁴. This is a criterion for remaining on the LBMA Good Delivery List.

3. Assembling the Evidence Pack

⁴ A refiner that complies with the London Bullion Market Association's *LBMA Responsible Gold Guidance*, www.lbma.org.uk in order to remain on the LBMA Good Delivery List, should have the appropriate risk management systems referred to in the above section of the Standard. Those systems involve supply chain due diligence including 'Know Your Customer' processes and are required to be in line with Annex II of the *OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Area*. They will also have been externally assured as part of the refiner's compliance.

Appendices

Appendix 1: Declaration on Mining and Armed Conflict	26
Appendix 2: Potential knowledge holders for development the of Evidence Pack	27
Appendix 3: Illustrative Remedial Action Plan	29
Appendix 4: Illustrative Conflict-Free Gold Report	30
Appendix 5: Frequently Asked Questions	32

3. Assembling the Evidence Pack

Appendix 1

Declaration on Mining and Armed Conflict

As per the Standard, the Declaration on Mining and Armed Conflict sets out eight principles which underpin the purpose of the Standard. The linkages between the eight principles and the sections within the Standard are listed below.

1 Publicly commit to not support unlawful armed conflict and to respect human rights and where relevant, international humanitarian law, for example, through support of the Universal Declaration on Human Rights, the UN Global Compact, the UN *Guiding Principles on Business and Human Rights* and the *Voluntary Principles on Security and Human Rights* (VPSHR).

Referenced in '[Commitment to Human Rights](#)' Part B, Section 1.

2 Respect human rights at our operations and in our dealings with stakeholders and seek to use our influence to prevent abuses being committed by others in the vicinity of our operations as envisaged by the UN *Guiding Principles on Business and Human Rights* and the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*.

Referenced in '[Corporate Activities](#)' Part B, Section 2.

3 Take steps to ensure mine security providers have not been involved or associated with financing or benefiting armed groups involved in serious human rights abuses or breaches of international humanitarian law.

Referenced in '[Security](#)' Section, Part B, Section 3.

4 Put in place controls designed to prevent our operations, agents or mine security providers from bribing or providing illegal payments, or voluntarily providing equipment, to third parties for use in unlawful armed conflict.

Referenced in '[Payments and Benefits-in-Kind](#)', Part B, Section 4.

5 Publicly disclose payments made to governments, unless prohibited from doing so by law.

Referenced in '[Payments and Benefits-in-Kind](#)', Part B, Section 4

6 Establish processes through which stakeholders may raise concerns about our mines' activities.

Referenced in '[Engagement, Complaints and Grievances](#)' Part B, Section 5.

7 Utilise transport services that are not involved, or associated with, financing or benefiting unlawful armed groups involved in serious human rights abuses or breaches of international humanitarian law.

Referenced in '[Transport](#)', Part C, Section 3.

8 Implement risk-based due diligence procedures to ensure that any third party miners that provide gold or gold-bearing materials to our operations also conform with these principles.

Referenced in '[Externally Sourced Gold Assessment](#),' Part D.

Appendix 2

Potential knowledge holders for development of the Evidence Pack

The following table suggests possible knowledge holders that it may be sensible to involve in the company's conformance with the Standard, including in demonstrating conformance and preparing the Evidence Pack.

Reference to Standard	Topic	Examples of knowledge holders	
Part A			
Conflict Assessment	International sanctions	Location of mines	Public/corporate affairs, sustainable development, corporate governance, risk assessment, legal/in-house counsel
	Recognition of conflict	Location of mines	Public affairs, political and operational risk, corporate responsibility, mine management, security, legal/in-house counsel
Part B			
Company Assessment	Commitment to human rights	Company policies and procedures on human rights	Public affairs, corporate responsibility/sustainability, sustainable development, community engagement, mine management, legal, human resources, security, procurement
	Corporate activities	Accusations of serious human right abuses by the company	Corporate responsibility/sustainability community engagement, in-house counsel, mine management, human resources, security
		Accusations of serious human right abuses by third parties e.g. security providers, transport companies	Sustainable development, corporate responsibility, community engagement, in-house counsel, mine management, operational risk management, due diligence on suppliers, security, human resources, public affairs, procurement
	Security	Due diligence on security providers	Mine management, procurement, logistics, finance, security, operational risk management, legal/in-house counsel, human resources
	Payments and benefits-in-kind	Information on payments to governments, suppliers and the local community and the provision/loan of equipment etc	Mine management, finance, operational risk management, legal/in-house counsel, internal audit, treasury, sustainable development, corporate responsibility, community engagement and security
Engagement, complaints and grievances	Information on the company's 'whistle-blower' programme, stakeholder engagement and grievance procedures	Human resources, mine management, sustainable development, corporate responsibility, community engagement, legal/in-house counsel, mine management, public affairs	

3. Assembling the Evidence Pack

Appendix 2: Potential knowledge holders for development of Evidence Pack (cont.)

Reference to Standard	Topic	Examples of knowledge holders
Part C		
Commodity Assessment	Control of gold at the operation	The policies, procedures, processes and controls relating to the flow of gold or gold-bearing material through the mine
	Transport	Policies and procedures on how gold or gold-bearing material is transported to the refinery, and by whom including due diligence on third parties such as the refinery and/or the company's own transport provider
Part D		
Externally Sourced Gold Assessment		Sources of purchased gold
		Company's approach to due diligence including the use of OECD's <i>Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected or High-Risk Areas</i> five-step framework
		Company's approach to artisanal mining and 'Appendix 1' of the <i>OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected or High-Risk Areas</i>
Part E		
Management Statement of Conformance		The documents sent with the gold or gold-bearing material to the refinery

3. Assembling the Evidence Pack

Appendix 3

Illustrative Remedial Action Plan

Potential Deviation from Conformance factsheet

No. [type]	Date [type: dd/mm/yy]
Description	Please describe the nature of the finding, answering the following questions: <ul style="list-style-type: none">• What was found?• How was it found?• Where was it found?
Standard reference	Insert the part of the Standard that relates to the non-conformance
Supporting evidence	Please describe and/or attach the document that backs-up the non-conformance, such as: <ul style="list-style-type: none">• Name of procedures/policies• Tracking number of legal case Provide a brief description of the document
Auditor's details	Name and job title/department Date of audit

Remediation Action Plan	
Description	A description of the Deviation from Conformance
Corrective actions	Corrective action to be taken by the company
Responsible parties	Identification of responsible parties or employees involved in the corrective action
Timeframes	Estimated timeframes for implementation
Other matters	Such other matters as the company deems appropriate

3. Assembling the Evidence Pack

Note that this is an example only, and a company may wish to utilise their own processes for incident investigation methods and documentation

Appendix 4

Illustrative Conflict-Free Gold Report

Conflict-Free Gold Report for [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 as such, has adopted the *Conflict-Free Gold Standard* (Standard).

This Conflict-Free Gold Report summarises how [company] conforms with the requirements of the Standard for the year-ended 31 December [20xx]. The [Executive Committee] are responsible for implementation, and they report to [name], Chief Operating Officer, 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 that [company] has direct control over. 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 – External Sources of 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 to 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 in 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 its custody, the remaining assessments are Parts 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 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 mines 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 reports sent by the miners to our regular 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.

Appendix 4: Illustrative Conflict-Free Gold Report (cont.)

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 [insert 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 [insert 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 [insert email addresses].

Frequently Asked Questions

What is a 'conflict-affected or high-risk' area?

An area identified by the presence of armed conflict, widespread violence, including violence generated by criminal networks, or other risks of serious and widespread harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars. High-risk areas are those where there is a high risk of conflict or of widespread or serious abuses as defined in paragraph 1 of Annex II of the OECD Guidance. Such areas are often characterised by political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure, widespread violence and violations of national or international law. For the purposes of the Standard, the principal reference is the *Conflict Barometer* produced by the Heidelberg Institute for International Conflict Research where a ranking of 5 (war) or 4 (limited war) should be considered as evidence that an area is 'conflict-affected or high-risk'.

If a mining company does not have operations in 'conflict-affected and/or high-risk' areas will it be obliged to complete all parts of the Conflict-Free Gold Standard?

No. Gold mining companies with no mining operations that are assessed to be in a 'conflict-affected or high-risk' area are only required to complete assessment for Parts A, D and E and acquire external assurance on their public Management Statement of Conformance.

If a company's mining operations experience non-violent or localised conflict within or associated with the local community, would this be a conflict covered by the Standard?

No, the Standard is not intended to address local 'social' conflicts. However, the Standard in its Complaints and Grievances Section (including in Part B – Company Assessment), expects companies to engage with their local communities and to have a process through which issues can be raised and addressed when operating in an area assessed to be 'conflict-affected or high-risk'.

Is the World Gold Council a certification body?

No, the World Gold Council is not a certification body. As a membership organisation, the World Gold Council recognises that for it to act as a certification body to validate statements of conformance and investigate grievances might create potential conflicts of interest or the perception of such conflicts of interest and, thus, it will not take on this role.

What is assurance?

Assurance is an evaluation method that uses a specific set of principles and standards to assess the quality of a reporting organisation's subject matter, such as reports, and the systems, processes and competencies that underpin its performance. Assurance includes the communication of the results of this evaluation to provide credibility to the subject matter for its users (*AA1000 AccountAbility Assurance Standard 2008*, AA1000AS).

How will independent assurance work?

External assurance on the company's Conflict-Free Gold Report should be undertaken annually by an independent external assurance provider.

In parallel with the development of the *Conflict-Free Gold Standard* and with the support of member companies the World Gold Council has developed the document titled *Guidance for Assurance Providers*. This sets out guidance to 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.

Does the Standard help companies comply with Section 1502 of The Wall Street Reform and Consumer Protection (Dodd-Frank) Act?

The Standard is intended to support the work undertaken by companies to meet the requirements of legislation such as the Dodd-Frank Act.

Is there a specific way in which companies need to externally report their conformance?

No, however companies are required as a minimum to provide information set out in the Standard under 'Conformance with the *Conflict-Free Gold Standard*'.

What happens if a company cannot demonstrate conformance with the Standard?

In the event that World Gold Council member companies and other participating entities are unable to demonstrate conformance with the Standard, it is expected that they will outline the remedial actions being taken to bring them into conformance with the Standard and the timeline for those actions to be implemented within a Remedial Action Plan. Remedial actions need to be identified and commenced in a timely manner otherwise this will lead to non-conformance.

Is there a start date, i.e. for 'grandfathered' gold sold in 2012?

The 'go-live' date is 1 January 2013. Allowances will be made for first-time implementation which will enable companies to make the claim that they believe their gold to be in conformance with the *Conflict-Free Gold Standard* even though they have not yet received external assurance against this.

Are refiners expecting to see conformance with the Standard in 2013?

LBMA-accredited refiners will be required to comply with the LBMA Responsible Gold Guidance from 1 January 2013. We are aware that many refiners are setting out requirements of their gold miners to ensure that the gold that they receive is conflict-free. We are working with the LBMA to ensure that conformance with the *Conflict-Free Gold Standard* is sufficient for the requirements of all LBMA refiners. This is work-in-progress, but there is good alignment and shared objectives between the World Gold Council and the LBMA and a common interest in making our approaches integrated and mutually supportive.

Assembling the Evidence Pack

Part A – Conflict Assessment

Introduction

Part A of the Standard relates to the context of a company’s operations. Companies are required 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 each mine should be assessed separately. Refer to the **flowchart** in the Standard for an overview.

The results of the Part A assessment determine which of the remaining Parts B–E assessments as per the Standard are applicable for each mine to demonstrate conformance.

Conflicts may occur across international boundaries. In such cases, the primary concern must be the area of the country in which the mine is located. The company needs to determine whether any of its mines are located in an area assessed to be ‘conflict-affected or high-risk’. The primary reference source for this assessment is the *Conflict Barometer* produced by the Heidelberg Institute of International Research.

Areas to consider...		
Part A – Conflict Assessment	Section 1: International sanctions	Section 1 is intended to ensure that the mining and onward transport of gold does not take place in breach of International Sanctions
	Section 2: Recognition of conflict	<p>Section 2 uses external, objective criteria to assess whether the area in which the mine is located should be considered ‘conflict-affected or high-risk’</p> <p>Applying the Standard’s criteria:</p> <ul style="list-style-type: none"> • Mines that are assessed to be ‘conflict-affected or high-risk’ must complete all remaining assessments: Parts B, C, D and E of the Standard • Where mines are not 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. Where this is the case, the next consideration is the ‘Commodity Assessment’ set out in Part C • Where the company assesses that neither the area where the mine is operating, nor any areas through which the gold or gold-bearing material is transported while in the custody of the company, are assessed to be ‘conflict-affected or high-risk’ in line with the guidance above, the next consideration is ‘Externally Sourced Gold’ set out in Part D.

Potential Documentation

Development of Potential Documentation Tables

The intent in listing potential documentation is to demonstrate the types of evidence that may be appropriate. Circumstances differ and companies – with the support and engagement of their external assurance provider – should carefully consider their individual situation and not adopt a ‘one size fits all’ response. Implementing companies are responsible for determining their appropriate response reflecting their own specific business needs, risks, risk appetite and circumstances.

Part A, Section 1: International sanctions

Criterion:

Gold will not be mined or transported for refining or further processing in breach of international sanctions.

Examples of company activity	Evidence
<ul style="list-style-type: none"> • Review of international sanctions databases to assess whether there are applicable international sanctions that have been imposed on the country: <ul style="list-style-type: none"> – In which gold is being mined, or – Through which gold is being transported while in the custody of the company. • Where there are applicable international sanctions, company assessment of whether the sanctions prevent gold from being mined or exported. • Where gold is being transported, and remains in the custody of the company, an assessment as to the likely countries that the gold passes through in transit to the refinery, and a review of international sanctions (as above) applicable to those countries. 	<ul style="list-style-type: none"> • Hard copies/screen shots from website of authoritative supra-national bodies to demonstrate applicable international sanctions, or that there were no international sanctions in place. These include: <ul style="list-style-type: none"> – the United Nations Security Council – the European Union sanctions database – the African Union (specifically the Department of Peace and Security) – the Organization of American States – similar widely respected supra-national bodies, and – home country governments. • Management representations which confirm whether gold remains in the custody of the company during transport or not • Obtain a copy and review terms of shipping contracts to identify and provide evidence of the point at which gold no longer remains in the custody of the company • Where gold remains in the custody of the company during transport, sample documentation of shipping or transport routes as evidence of those countries to, or through which, gold is transported.

Part A, Section 2: Recognition of conflict

Criterion:

Companies will assess whether the area(s) in which the mine is located or through which the gold or gold-bearing material is transported, while in the custody of the company should be assessed to be 'conflict-affected or high-risk'.

Examples of company activity	Examples of evidence
<ul style="list-style-type: none"> • Company determination of which of its mines are assessed to be located in a 'conflict-affected or high-risk' areas, and areas through which gold is transported through whilst in the custody of the producer (if applicable). The principal reference source is the <i>Conflict Barometer</i>. Areas should be considered 'conflict-affected or high-risk' if they are currently ranked, according to the <i>Conflict Barometer</i>, as 5 (war) or 4 (limited war) or have been at any stage during the previous two calendar years • Documentation of reasons where the company provides contrary conclusions about mines located in an area assessed to be 'conflict-affected or high-risk' as per the <i>Conflict Barometer</i> • Exercise ongoing due diligence, so where conditions change rapidly appropriate action can be taken if there is a cause to believe that the area should be assessed to be 'conflict-affected or high-risk.' 	<ul style="list-style-type: none"> • A document produced by the company that sets out the company's assessment of mines identifying those that are assessed to be located in a 'conflict-affected and high-risk' area for the reporting period and the reasons. This should be updated at least annually and approved by senior management <p>Hard copies/screen shots of the assessment by the <i>Conflict Barometer</i></p> <ul style="list-style-type: none"> • Where relevant hard copies/screen shots which support the assessment: <ul style="list-style-type: none"> – Reference sources listed in Note 1, and – Other information.

Note 1: Additional reference sources the company may use at its discretion:

- The United Nations Security Council (or subsidiary bodies such as a United Nations Group of Experts), to the extent that it identifies specific countries or collection of countries as being 'conflict-affected or high-risk' or as constituting a threat to international peace and security.
- The European Union
- The African Union or regional African groupings such as ECOWAS, SADC and the EAC
- The Organization of American States
- National bodies that have widespread international acceptance or recognition and widely respected civil society organisations such as the International Crisis Group or the International Committee of the Red Cross
- Other publicly available information
- First-hand evidence through engagement with employees, contractors, suppliers and the local community

3. Assembling the Evidence Pack

Part B – Company Assessment

Introduction

Part B relates to the company's willingness and ability to operate in areas recognised as 'conflict-affected or high-risk'. It includes assessments relating to the company's commitment to human rights and its policies and procedures with regard to corporate activities, security, payments and benefits-in-kind and engagement, complaints and grievances. Refer to the **flowchart** in the Standard for an overview.

This section should be completed for each mine located in an area assessed to be 'conflict-affected or high-risk'.

Potential Documentation

Development of Potential Documentation Tables

The intent in listing potential documentation is to demonstrate the types of evidence that might be appropriate. Circumstances differ and companies – with the support and engagement of their external assurance provider – should carefully consider their individual situation and not adopt a 'one size fits all' response. Implementing companies are responsible for determining their appropriate response reflecting their own specific business needs, risks and risk appetite and circumstances.

Areas to consider...		
Part B – Company Assessment	Section 1: Commitment to human rights Section 2: Corporate activities Section 3: Security Section 4: Payments and benefits-in-kind Section 5: Engagement, complaints and grievances	<ul style="list-style-type: none">Where the mine is located in an area assessed to be 'conflict-affected or high-risk', Part B assesses whether the company has the appropriate systems in place in order to discharge its corporate obligations and responsibilities in this area, to avoid causing, supporting or benefiting unlawful armed conflict, or contributing to associated serious human rights abuses or breaches of international humanitarian law.

Part B, Section 1: Commitment to human rights

Criterion:

Gold produced by companies that publicly commit to not supporting unlawful armed conflict, respecting human rights and international humanitarian law, including not tolerating exploitative child labour and, in addition, implement the Voluntary Principles on Security and Human Rights (even if they are not participants in the Voluntary Principles international plenary) or implement systems consistent with the Voluntary Principles (VPs).

Examples of company activity	Examples of evidence
<ul style="list-style-type: none"> Public commitments and other supporting documents issued by a company on not supporting unlawful armed conflict, respecting human rights and not tolerating exploitative child labour Company’s human rights policy The company has a history of respecting human rights and/or voluntarily participating in recognised human rights guidance or frameworks. <ul style="list-style-type: none"> Implementation at mines of the <i>Voluntary Principles on Security and Human Rights</i> (VPSHR), or systems consistent with the requirements of the VPs. For the purposes of this Standard, company compliance and assurance in regards to implementation of the VPSHR or systems consistent with the VPSHR should be made on the basis of conformance with the Reporting Guidelines.* <p>* VPSHR Reporting criteria Appendix 5 Voluntary Principles Governance Rules, issued by VPSHR’s secretariat 2010 (draft).</p>	<ul style="list-style-type: none"> Public statement of human rights available on corporate web page, or suitable evidenced publicly available statement Reporting against the UN <i>Guiding Principles on Business and Human Rights</i>, UN Global Compact and other voluntary schemes. <ul style="list-style-type: none"> Completed assessment of the VPSHR using the current version of the KPI/ Assurance Framework in use by the majority of the VP member companies. Where the company is a formal participant in the VP process, evidence of this Results of internal Conformance reviews or similar to the VPs at applicable operations (e.g. internal assurance reports).
<p>Note 2: Additional reference sources for company’s commitment to human rights</p> <ul style="list-style-type: none"> – UN Global Compact – Company Communication on Progress – UN Guiding Principles on Business and Human Rights – Voluntary Principles on Security and Human Rights – Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the Supplement on Gold – International Alert Conflict Sensitive Business Practices – International Committee of the Red Cross – Business and Humanitarian Law – Guidance produced by labour organisations and non-governmental organisations on human rights policies 	

3. Assembling the Evidence Pack

Part B, Section 2: Corporate activities

Criterion:

Gold produced by a company that respects human rights, and which uses its influence to prevent abuses being committed by others in the vicinity of its operations, if such abuses are believed to be occurring.

Examples of company activity	Examples of evidence
<ul style="list-style-type: none"> Where the mining operation is not subject to any credible allegations of serious human rights abuses or breaches of humanitarian law, demonstrate that it uses its influence to prevent abuses being committed by others in the vicinity of its operations, if such abuses are occurring, e.g. <ul style="list-style-type: none"> effective advocacy, through seeking the support of their home national government or through working together with other enterprises, business associations or civil society organisations, to seek to change behaviours within a host country Company process in place to identify the risks of causing or contributing to a serious human rights abuse or breaches of international humanitarian law. Where a potential risk is identified, due to their own actions or others (e.g. those that may be directly linked to their operations, products or services by a business relationship), the company should take appropriate action to mitigate those risks such as alerting government authorities and assigning a committee with responsibility to respond to the credible allegations. 	<ul style="list-style-type: none"> An individual within the company has responsibility for monitoring or identifying any significant issues with respect to its performance on human rights or alleged abuses of human rights or breaches of international humanitarian law within the area of its operations Result of a search of credible media sources undertaken to identify reports of credible allegations of serious human rights abuses or breaches of international humanitarian law in local/regional/national media covering the past two years Evidence of mitigating actions performed or in progress for any risks identified. e.g. copies of communication with governments, legal or other reports from those assigned to dealing with the credible allegations Voluntary application of the following: <ul style="list-style-type: none"> <i>Voluntary Principles on Security and Human Rights</i> <i>UN Guiding Principles on Business and Human Rights</i> <i>OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas</i> and the <i>Supplement on Gold</i>.
<ul style="list-style-type: none"> Where the mining operation is subject to credible allegations of serious human rights abuses or breaches of international humanitarian law, demonstration of the following (only one is applicable): <ol style="list-style-type: none"> Formal proceedings or investigations have not taken place (e.g. before a court or tribunal), and <ul style="list-style-type: none"> the company has publicly addressed the concerns raised, and used its influence to prevent abuses being committed by others in the vicinity of its operations, if such abuses are occurring; <p>or</p> <ol style="list-style-type: none"> Formal proceedings or investigations have taken place (e.g. before a court or tribunal) and <ul style="list-style-type: none"> the mining company has not been found culpable or received a conviction for serious human rights abuses or breaches of international humanitarian law, and the company has publicly disclosed and addressed the concerns raised, and used its influence to prevent abuses being committed by others in the vicinity of its operations; <p>or</p> 	<p>Where the mining operation is subject to credible allegations:</p> <ul style="list-style-type: none"> Document detailing the credible allegation(s) of serious human rights abuses or breaches of international law. For formal proceedings or investigations – legal representation reports, case descriptions, legal outcomes etc For public disclosure – press release of how concerns raised have been addressed; acknowledged in company annual/sustainable development/corporate social responsibility reports, or on company website For evidence of using influence – documentation of actions taken/processes to prevent abuses being committed by other in the vicinity of its operations Remedial Action Plans implemented and monitored (if applicable).

3. Assembling the Evidence Pack

Examples of company activity	Examples of evidence
<p>3 Formal proceedings or investigations have taken place (e.g. before a court or tribunal), and</p> <ul style="list-style-type: none"> – the mining operation has received a conviction or equivalent for involvement in serious human rights abuses or breaches of international humanitarian law in the past two years, and – put in place sufficient remedial measures related to matters under its direct control to prevent a recurrence, and – publicly responded to allegations of serious human rights abuse or breaches of international humanitarian law committed by third parties, and – used its influence to try to ensure such activities are not repeated. 	
<p>Note that where the company is subject to credible allegations of serious human rights abuses or breaches of international humanitarian law, and one of the above is not met, it is likely that the company is considered as giving tacit support to the abuse. In such circumstances, the company is in non-conformance.</p>	

3. Assembling the Evidence Pack

Part B, Section 3: Security

Criteria:

Gold should be produced from a mine where the personnel providing security have not been credibly accused of human rights abuses; where the mine has not financed or provided benefits to armed private groups who have committed or been credibly accused of human rights abuses; and where the mine has sought to use its influence with public security forces acting in the vicinity of the mine to ensure that they observe human rights and international humanitarian law and the rule of law.

Examples of company activity	Examples of evidence
<ul style="list-style-type: none"> • For Private Security Providers due diligence procedures on both mine security provider and security personnel, including contractors. This should assess: <ul style="list-style-type: none"> – Any responsibility, conviction or credible implication in the previous two years of committing, or aiding or abetting, serious human rights abuses or breaches of international humanitarian law in the country in which the mine is located – Implementation of an effective Remedial Action Plan where they have been found responsible, convicted or credibly implicated in the past two years. • For Public Security Providers, due diligence procedures on the commanders and senior officers providing security. This should assess: <ul style="list-style-type: none"> – Any responsibility, conviction or credible implication in the previous two years of committing or aiding serious human rights abuses or breaches of international humanitarian law in the country in which the mine is located – Evidence that the mine has used its influence to try to ensure such personnel are removed from involvement in providing security to the mine where they have been found responsible, convicted or credibly implicated in the past two years. <p>Note that where the above has not been satisfied the mine is considered to be in non-conformance.</p>	<ul style="list-style-type: none"> • Due diligence investigations on all Public and Private Security Providers used at the mine. A formal assessment should be undertaken at least annually or as credible allegations arise. The assessment could draw on a range of sources which may include, but are not limited to: <ul style="list-style-type: none"> – <i>Voluntary Principles on Security and Human Rights</i> and the accompanying Implementation Manual – <i>OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas</i> and the <i>Supplement on Gold</i> – Transparency International – Bribe Payers and Corruption Perceptions Indices – International Alert Conflict Sensitive Business Practices – Global Reporting Initiative Mining Supplement – Montreux Document on Private Military and Security Companies – Company annual/sustainable development/corporate social responsibility reports. • Regular reviews of security providers such as formal supplier checks, requesting they sign up to company code of conduct • Report summarising any conviction or credible implication, and reasons. Where this is the case: <ul style="list-style-type: none"> – For Private Security Providers, reimplementation of an effective Remedial Action Plan including senior management approval and evidence demonstrating ongoing monitoring – For Public Security Providers, evidence of request to remove relevant individual from the mine. e.g. letter requesting their removal.

3. Assembling the Evidence Pack

Part B, Section 4: Payments and benefits-in-kind

Criteria:

- *Appropriate public disclosures are made regarding financial payments to governments and government entities, unless such disclosure is prohibited by law or contract*
- *The company has a policy which demonstrates its commitment to not making payments or providing benefits-in-kind to non-government entities that cause, support or benefit unlawful armed conflict or contribute to serious human rights abuses or breaches of international humanitarian law*
- *The company undertakes risk-based due-diligence to mitigate against making payments or providing benefits-in-kind to non-government entities that cause, support or benefit unlawful armed conflict or contribute to serious human rights abuses or breaches of international humanitarian law.*

Examples of company activity	Examples of evidence
<p>Payments to governments:</p> <ul style="list-style-type: none"> • Publicly disclosed payments to applicable government entities (where such disclosure is not prohibited by law or contract). This should be in line with: <ul style="list-style-type: none"> – instruments that specifically address transparency of payments considerations, such as the EITI, authoritative national legislation or authoritative guidance including the <i>OECD Supplement on Gold</i>. • Payments to Public Security Forces are legal (i.e. made within the framework of law), and are justified by a clear rationale • Communications with security forces are done via formal channels only • Supporting records for payments and benefits-in-kinds are maintained by the company. <p>Company policies in place regarding the following:</p> <ol style="list-style-type: none"> commitments to not making payments or providing benefits-in-kind to non-government entities that cause, support or benefit unlawful armed conflict or contribute to serious human rights abuses or breaches of international humanitarian law risk-based due diligence procedures to mitigate against making payments or providing benefits-in-kind to non-government entities that cause, support or benefit unlawful armed conflict or contribute to serious human rights abuses or breaches of international humanitarian law bribery and extortion and internal procedures to be followed in case serious human rights abuses are credibly linked to such activity. 	<ul style="list-style-type: none"> • Records of payments being made to governments during the period, and records showing disclosure (e.g. company's annual report and accounts or sustainable development/corporate social responsibility report, taxation records) • Evidence of review undertaken to identify applicable government payments • Communication with governments and government entities relating to payments. • Payments to Public Security Forces are recorded accurately in the books and records in conjunction with adequate supporting records and company policies for such disbursements are followed. <p>Implementation of policies and procedures for payments and benefits-in-kind to non-governmental entities, including suppliers. These may draw on a range of sources which include, but are not limited to:</p> <ul style="list-style-type: none"> – <i>Voluntary Principles on Security and Human Rights</i> – Extractive Industries Transparency Initiative – Company annual/sustainable development/corporate social responsibility reports (for information about payments made to the Government and other official bodies, including taxes) – <i>OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas</i> and the <i>Supplement on Gold</i> – IFC Performance Standards – Foreign Corrupt Practices Act and equivalent authoritative national legislation.
<p>Due consideration should also be given to security concerns in making these disclosures. Where disclosure of payments to governments is prohibited by law or contract, the company should publicly disclose that this is the case.</p> <ul style="list-style-type: none"> • Review undertaken of local and national laws to identify the level of disclosure required (e.g. EITI or authoritative national legislation), and consideration of which public disclosure of payments/benefits in kind to governments may breach laws or give rise to security concerns. 	

Part B, Section 5: Engagement, complaints and grievances

Criteria:

- *Gold produced from a mine that has a ‘whistle-blower’ programme in place to allow concerns from employees to be raised in a manner that seeks to ensure that employees raising concerns in good faith will not face retaliation or be victimised*
- *Gold produced from a mine which engages regularly with local stakeholders with a view to understanding their concerns and maintains a grievance process through which those affected by the mine’s operations can raise concerns and seek an effective and timely remedy for such concerns.*

Examples of company activity	Examples of evidence
<p>Whistle-blower programme in place:</p> <ul style="list-style-type: none"> • procedure has been communicated to employees and workers at the mine • the methods for accessing the facility are culturally appropriate • include access to a confidential phone number • allows for anonymous reports (e.g. postal address or confidential computer link). 	<ul style="list-style-type: none"> • Written policy, procedures and records of any incidents and how they were handled by the mine • Company individual has responsibility for the mine’s adherence to the policy. They should demonstrate knowledge of the policy and be familiar with the procedures and how they would handle an incident • Employees demonstrate knowledge of the policy’s existence • History of successful resolutions of complaints.
<ul style="list-style-type: none"> • Ongoing stakeholder engagement programme • Process for identification of local stakeholders includes identifying minority or historically marginalised groups, including women, youth and indigenous peoples • Engagement plans should, where appropriate, include interactions with artisanal and small-scale miners, including assessing the extent to which they and their activities may be considered ‘legitimate’ through seeking to behave in good faith and to seek formalisation. 	<ul style="list-style-type: none"> • Description of the programme/schedule of events • Stakeholder engagement plan • Stakeholder register • Records of stakeholder meetings • Socio-economic studies of surrounding communities.
<ul style="list-style-type: none"> • Grievance process through which those affected by the mine’s operations can raise concerns about the mine’s operational activities • This may be via a whistle-blowing programme or an alternative mechanism. 	<ul style="list-style-type: none"> • Description of the programme/schedule of events • Stakeholder engagement plan • Stakeholder register • Records of stakeholder meetings • Socio-economic studies of surrounding communities.

Part C – Commodity Assessment

Introduction

This assessment covers defining the nature of gold production, control of the gold at the operation and its transport to the next point of processing (usually a refinery). The assessment should be performed for operations located in areas assessed to be 'conflict-affected or high-risk.' See the **flowchart** in the Standard for an overview.

Areas to consider...		
Part C – Commodity Assessment	Section 1: Nature of gold production	Section 1 determines if gold-bearing material leaves the mine site in a form from which it is easy to extract gold
	Section 2: Control of gold at the operation	Section 2 aims to ensure that the security and management of any gold or gold-bearing material within a mine's control is appropriate
	Section 3: Transport	Section 3 evaluates how the gold and gold-bearing material moves from the mine to the next point of processing (usually a refinery)

Potential Documentation

Development of Potential Documentation Tables

The intent in listing potential documentation is to demonstrate the types of evidence that might be appropriate in certain circumstances. Circumstances differ and companies – with the support and engagement of their external assurance provider – should carefully consider their individual situation and not adopt a ‘one size fits all’ response. Implementing companies are responsible for determining their appropriate response reflecting their specific business needs, risks, risk appetite and circumstances.

Part C, Section 1: Nature of gold production

Criterion:

Gold-bearing material leaves the mine-site in a form in which it can be easily processed into gold.

Examples of company activity	Examples of evidence
<ul style="list-style-type: none"> • Significant processing takes place on site to extract and purify the gold from surrounding material to enhance the value of gold. Gold therefore leaves the mine site in a form that can be easily processed into gold. This generally excludes: <ul style="list-style-type: none"> – Low grade gold-bearing material and in gold which is not visible – Where gold is not the main metal being extracted – Where significant further processing and purification of the gold is required involving capital intensive processing • Where there is gold that cannot be easily processed into gold, this should be segregated from gold that can be easily processed. 	<ul style="list-style-type: none"> • Smelter is on site • Mine management documentation, and records of the grades leaving the mine • Where there is gold-bearing material that cannot be easily processed into gold, procedures and controls for ensuring the segregation of this material from that which is easily processed e.g.: <ul style="list-style-type: none"> – Varying gold grades are recorded separately within the inventory system – Gold-bearing materials are transported to different downstream parties (e.g. no low grade material is sent to refiners) – physically quarantined on site.

3. Assembling the Evidence Pack

Part C, Section 2: Control of gold at the operation

Criteria:

Appropriate security and management systems are in place to:

- (i) track the flow of gold and gold-bearing material within the mine’s area of control, and*
- (ii) minimize the risk or incidence of illegal addition or theft of gold and gold-bearing materials.*

Examples of company activity	Examples of evidence
<ul style="list-style-type: none"> • Management systems, processes and internal controls in place to secure and track the flow of gold and gold-bearing material within the mine’s area of control • Documentation of the flow of gold and gold-bearing material at the mining operation • Assessment undertaken to identify the risk points that arise and ensure that documented security controls are in place. For each risk point, controls in place to mitigate the risk • Review process is functioning to provide assurance that these controls are working • Security plan based on the risk assessment, including security controls • Details of any past actual or attempted incidents of gold theft, and an assessment of whether it was possibly linked to financing unlawful armed conflict. <p>Specific management systems are in place and include:</p> <ul style="list-style-type: none"> • Traceability systems that map the flow of gold and gold-bearing material from point of origin to point of dispatch • Reference systems able uniquely to identify each batch of gold that leaves the mine’s area of control and imprint that reference number in such a way that tampering or removal will be evident. 	<ul style="list-style-type: none"> • Description of management systems, processes and controls in place to track the flow of gold around the mine site from mining to doré bar • A management system for the security of gold product. The management system should include security requirements for: <ul style="list-style-type: none"> – Processing plant boundaries – Processing plant and equipment – Processing plant maintenance and equipment access – Refinery security – Gold shipment security • Security technology and access control • Mine process notes • Site risk assessment, which includes consideration of loss of product • Diagram of the mining process identifying key risk points for loss of product • Evidence that management measures have been implemented based on the risk assessment (e.g. security plan) • Evidence of documented security controls in place • Evidence that audit review of controls has been performed and actions taken in response to review of audit findings • Documented evidence of controls being implemented • For any incidents of past actual or attempted gold theft which was possibly linked to financing unlawful armed conflict, details of management mitigation actions.

Note 3: Example of risk points and controls

Management has performed a site risk assessment and considers the following points in the gold mine process represent the highest risk for gold-bearing material leaving the site without proper oversight:

- 1 Gold room and smelt house**
- 2 Transport from the gold room to the transport vehicle**
- 3 Gravity circuit**, specifically access to free-gold during maintenance on Knelson Concentrator.

3. Assembling the Evidence Pack

Part C, Section 3: Transport

Criteria:

- Mining operations should undertake due diligence on intermediaries who transport their gold or gold-bearing material
- Gold and gold-bearing material transported from the mine’s area of control should have an ‘Integrity of Shipment’ process in place to ensure that the same gold and gold-bearing material that is shipped from the mine’s area of control is that which arrives at the end location and any discrepancies are identified and investigated
- Gold and gold-bearing material meeting the Conflict-Free Gold Standard is segregated from gold and gold-bearing material that does not meet the Standard throughout its transport between the mine and the refinery.

Examples of company activity	Examples of evidence
<ul style="list-style-type: none"> • Where the company does not transport the gold or gold-bearing material, due diligence is undertaken on the transport provider. As part of this due-diligence, the company should: <ul style="list-style-type: none"> – Identify the ownership and related businesses, verify the identity of the company, check government watch list information and identify any affiliation of the company with the government, political parties, the military, criminal networks or non-state armed groups, and obtain assurances from the transport provider that they have put in place appropriate risk management systems to avoid causing, supporting or benefiting unlawful armed conflict, for example, using the OECD Guidance • In addition the due diligence may also include: <ul style="list-style-type: none"> • Checks that none of its shareholders, directors, management are named under international sanctions • All pilots or drivers and accompanying security staff been checked for links to parties to the conflict • Risk assessment of transporters supporting, or under the influence of parties engaged in conflict: <ul style="list-style-type: none"> – potential for theft – potential for bribes/extortion – potential for mixing with non-conforming material – potential risks in other countries during transport • Management plans to address risks of potential contribution to the conflict occurring during transportation. 	<p>Due diligence reports on transport companies, including:</p> <ul style="list-style-type: none"> • Evidence of checks on transport personnel • Evidence that transport companies apply due diligence to avoid contributing to unlawful armed conflict • Reports on any incidents and how they were handled (e.g. interceptions of gold in transport) • Evidence of risk management systems put in place by transport provider to avoid causing or supporting unlawful armed conflict, for example using the OECD Guidance.
<ul style="list-style-type: none"> • Where the company operating the mine retains ownership of the gold or gold-bearing material leaving the mine-site, an Integrity of Shipment process in place that assures that gold material that leaves the mine’s area of control arrives at the receiving location intact <ul style="list-style-type: none"> – Controls to ensure that gold and gold-bearing material that is shipped from the mine’s area of control is that which arrives at the end location. 	<ul style="list-style-type: none"> • Gold-bearing shipments tracked separately to prevent gold being tampered with while in transit (e.g. barcodes, sealed boxes, locks) • Transit procedures in place to minimise the risk of consignments being intercepted or becoming subject to illegal handling charges or taxes/bribes.
<ul style="list-style-type: none"> • Investigation procedures are in place for when gold or gold-bearing materials do not arrive intact so as to assess whether the gold or gold-bearing material caused or supported unlawful armed conflict en route from the mine’s area of control to the refiner. 	<ul style="list-style-type: none"> • Evidence of written investigation procedures to be performed in the event of gold or gold-bearing materials not arriving intact at destination.
<ul style="list-style-type: none"> • Gold in conformance with the Standard is segregated from gold not in conformance while in transport. 	<p>Shipping records</p> <ul style="list-style-type: none"> • Gold-bearing shipments tracked separately to prevent gold being tampered with while in transit (e.g. barcodes, sealed boxes, locks)

3. Assembling the Evidence Pack

Part D – Externally Sourced Gold

Introduction

In addition to extracting gold, companies may choose to source gold or gold-bearing material from external suppliers. This is likely to happen in one or more of the follow ways:

- Local purchasing of gold mined by artisanal or small-scale miners
- Local purchasing of gold mined by a third party mining company
- Local purchasing of processed gold (e.g. gold that has already been refined to high purity)
- Gold purchased from a refiner (e.g. gold that is sold to a refiner and then an equivalent amount of gold is repurchased after refining)
- Gold extracted by the company but then sold to another party for toll treating or other processing service before being re-purchased
- Treated gold (e.g. toll treating) which is processed with or alongside the mine’s gold or gold-bearing material.

Companies sourcing newly mined gold or gold-bearing material from external suppliers are required to undertake due diligence to identify and prevent or mitigate any risks of causing, supporting or benefiting unlawful armed conflict, or contributing to serious human rights abuses or breaches of international humanitarian law. Due diligence should aim to ensure that newly-mined gold from external sources does not contribute to conflict.

Companies sourcing from artisanal or small-scale miners are encouraged to note Appendix 1 to the OECD *Gold Supplement*, which suggests that these companies ‘should assist and enable legitimate ASM producers from whom they source to build secure, transparent and verifiable gold supply chains’. Companies who do not source from artisanal or small-scale miners are also encouraged to note the suggested measures to encourage the formalisation of ASM operations, including participating in collaborative initiatives with governments, international organisations, donors and civil society organisations for formalisation, the improvement of social and environmental performance and to support responsibly produced, legitimate ASM gold to find routes to market.

Where gold enters the supply chain from refiners and other sources, and where traceability to mine of origin is not feasible, companies must conduct risk-based due diligence in line with the OECD’s five-step framework. Refiners who are following the LBMA Responsible Gold Guidance are likely to have already conducted appropriate due diligence on all their sources of gold.

Areas to consider...	
Part D – External Sources of Gold Assessment	When the company or individual operation site sources gold or gold-bearing material, this assesses the process that needs to be in place to ensure that appropriate due diligence is undertaken on this gold in relation to unlawful armed conflict.

Potential Documentation

Development of Potential Documentation Tables

The intent in listing potential documentation is to demonstrate the types of evidence that may be appropriate. Circumstances differ and companies – with the support and engagement of their external assurance provider – should carefully consider their individual situation and not adopt a ‘one size fits all’ response. Implementing companies are responsible for determining their appropriate response reflecting their own specific business needs, risks, risk appetite and circumstances.

Part D – Externally Sourced Gold Assessment

Criteria:

All externally sourced gold or gold-bearing material should be subject to risk-based due diligence processes aimed at ensuring that externally sourced gold and gold-bearing material has not contributed to unlawful armed conflict, serious human rights abuses or breaches of international humanitarian law.

Examples of company activity	Examples of evidence
<ul style="list-style-type: none"> Assessment of which mining operations source externally sourced gold. If applicable details of the externally sourced gold including the supplier name and type (i.e. miners, refiners, or other sources), where the gold-bearing material is sourced from and whether this is a ‘conflict-affected or high-risk’ area Where there is externally sourced gold, the company must undertake formal due diligence on the external suppliers to ensure that newly-mined gold from external sources does not contribute to conflict Where the gold is sourced from a ‘conflict-affected or high-risk’ area, due diligence processes should be applied consistent with the OECD ‘s five-step framework for risk-based due diligence for responsible supply chains of minerals from conflict-affected and high-risk areas into their management systems Where companies source from artisanal or small-scale miners (ASM), reference to Appendix 1 to the OECD <i>Gold Supplement</i>, which recommends that the company ‘should assist and enable legitimate ASM producers from whom they source to build secure, transparent and verifiable gold supply chains’. 	<ul style="list-style-type: none"> Confirmation from mining management that there has been no externally sourced gold during the period <p>Where there is externally sourced gold:</p> <ul style="list-style-type: none"> Evidence of due diligence procedures on external suppliers of gold or gold-bearing materials. This may include checking that the supplier has: <ul style="list-style-type: none"> a procedure for identifying gold and gold-bearing material that leaves the operation is in conformance with the Standard provided a statement of conformance for the gold and gold-bearing material that is in conformance with the Standard processes in place to withhold statement of conformance when gold or gold-bearing material is not in conformance with the Standard. <p>Where applicable, documentation that the OECD due diligence guidelines have been followed. For example a formal report listing the five-step framework and how the company has integrated these steps into management processes.</p>

Part E – Management Statement of Conformance

Introduction

This section requires a statement expressing management’s belief that the company has the appropriate systems and processes in place to ensure that all gold and gold-bearing material leaving the mine’s area of control is being produced in conformance with this Standard.

When a company has undertaken the applicable Parts A–D assessments, it can then adopt the Part E – Management Statement of Conformance documentation. This can either accompany each gold shipment or be in the form of a ‘standing arrangement’ to cover gold shipments over a period of time.

There is no assessment for Part E.

Potential Documentation

Development of Potential Documentation Tables

The intent in listing potential documentation is to demonstrate the types of evidence that may be appropriate. Circumstances differ and companies – with the support and engagement of their external assurance provider – should carefully consider their individual situation and not adopt a ‘one size fits all’ response. Implementing companies are responsible for determining their appropriate response reflecting their own specific business needs, risks, risk appetite and circumstances.

Areas to consider...

Part E – Management Statement of Conformance

Where the company has demonstrated conformance to Parts A–D (as relevant) an appropriate statement needs to be provided to the next party in the chain of custody.

Part E – Management Statement of Conformance

Criterion:

- *Where management believes that the mine has the appropriate systems and processes in place to ensure that all gold or gold-bearing material leaving the mine's area of control is being dispatched in conformance with this Standard, documentation should be in place to this effect. This documentation can either be a 'standing arrangement' (which is updated as and when circumstances change) or attached to each individual dispatch of gold and gold-bearing material.*

There is no specific 'assessment requirement' undertaken by the company for Part E. For each operating mine the company should provide to the next participant in the chain of custody a Management Statement of Conformance document consistent with the suggested language in the Standard.

The company should be mindful of instances where the Management Statement of Conformance should cease to be used, such as when there is a Deviation from Conformance.

Part E documentation and individual shipments of gold or gold-bearing material are not specifically subject to assurance. The company may make reference to the latest independent assurance, however the language should be agreed by the assurance provider to avoid any misinterpretation in the scope of the assurance engagement.

Supporting documents

Additional information about the Heidelberg Conflict Barometer

The Heidelberg *Conflict Barometer* is published annually by the Heidelberg Institute for International Conflict Research (HIIC) at the Department of Political Science, University of Heidelberg, Germany. It provides an overview of 'conflict-affected or high-risk' countries or areas at a point in time. Published in February, the Heidelberg *Conflict Barometer* covers the previous calendar year 1 January–31 December period.

The Heidelberg Institute for International Conflict Research is a not-for-profit organisation which relies on donations to fund its work.

Regions and countries are ranked as 1 to 5, as defined in Table 1. A summary of countries and regions ranked as a 4 or a 5 in the 2011 and 2010 Heidelberg *Conflict Barometers* is presented in Table 2.

Table 1: Heidelberg *Conflict Barometer* terminology (intensity levels)

Intensity level	Previous terminology	Terminology since 2011	Level of violence	Intensity class
1	Latent conflict	Dispute	Non-violent conflict	Low intensity
2	Manifest conflict	Non-violent crisis		
3	Crisis	Violent crisis	Violent conflict	Medium intensity
4	Serious crisis	Limited war		High intensity
5	War	War		

Table 2: Heidelberg *Conflict Barometer* – Violent conflicts by region or country

Country	Sub-national units (Regions)	Name of conflict	2010	2011
Afghanistan	Several, e.g. Kandahar, Paktika, Helmand	Taliban et al. vs. government		✓
Algeria	Several, e.g. Illizy, Tizi Ouzou	al-Qaeda in the Islamic Maghreb (AQIM) vs. government	✓	✓
Burma (Myanmar)	Kachin State	Kachin Independence Organisation (KIO), Kachin Independence Army (KIA) vs. government		✓
Burma (Myanmar)	Karen State, Kayah State	Karen National Unit (KNU), Karen National Liberation Army (KNLA), Democratic Karen Buddhist Army (DKBA) Brigade 5 vs. DKBA, Karen Border Guard Force (BGF), government	✓	✓
Colombia	Several, e.g. Cauca	FARC vs. government	✓	✓
	Several, e.g. Cauca	Paramilitary groups, drug cartels vs. government		✓

Country	Sub-national units (Regions)	Name of conflict	2010	2011
Côte d'Ivoire	Lagunes	Supporters of Ouattara, FN vs. supporters of Gbagbo (opposition)		✓
DR Congo	Several, e.g. Sud and Nord Kivu, Katanga	FDRL vs. government		✓
Egypt	Several, e.g. Cairo, Suez	Various opposition groups vs. government		✓
India	The 'Red Belt'	Communist Party of India-Maoist (CPI-M), also call Naxalites, vs. government	✓	✓
Iran	Kurdish areas	Party of Free Life in Kurdistan (PJAK) vs. government		✓
Iraq	Several, e.g. Anbar, Diyala, Ninawa, Salah ad Din, Baghdad	Sunni militant groups	✓	✓
Israel	Palestinian Territories	Hamas, Popular Resistance Committees (PRC), Palestinian Islamic Jihad (PIJ), Army of Islam vs. government	✓	✓
Libya	Several, e.g. Surt, Misrata, Benghazi	Opposition vs. government		✓
Mali	AQIM	AQIM vs. government	✓	✓
	Tuareg/Kidal	ANM, MTNM, MNLA, Ansar al-Din vs. government	✓	✓
Mauritania	Unknown	AQIM vs. government (no description available)		✓
Mexico	Several, e.g. Nuevo Leon, Michoacan	Drug cartels vs. government	✓	✓
	Several, e.g. Veracruz, Sinaloa, Zacatecas	Inter-cartel violence, paramilitary groups	✓	✓
Nigeria	Several, e.g. Yobe, Borno	Boko Haram vs. government	✓	✓
	Several, e.g. Bauchi, Kaduna	Northerners vs. Southerners		✓
Pakistan	Karachi	Mohajirs, Muttahida Qaumi Movement (MQM) vs. Pakhtuns, Awami National Party (ANP), Balochis, Pakistan People's Party (PPP), Sindhis	✓	✓
	Several, e.g. Khyber Pakhtunkhwa	Taliban vs. various tribes	✓	✓
Russia	Dangestan	Islamist militants/Dangestan	✓	✓
Somalia	Gedo and Juba Hoose	Islamist groups	✓	✓

3. Assembling the Evidence Pack

Country	Sub-national units (Regions)	Name of conflict	2010	2011
Sudan	Darfur	Rebel groups vs. government	✓	✓
	Southern Kordofan, Blue Nile	Sudan People's Liberation Movement/Army (SPLM/A)-North vs. government		✓
Sudan – South Sudan	Border with South Sudan	Interstate conflict between Sudan and South Sudan	✓	✓
	Several, e.g. Jonglei	Inter-ethnic violence		
	Several, e.g. Jonglei, Unity	Sudan (SPLM/A – various militias), South Sudan (various militias)		
Syria	Several, e.g. Homs, Hama	Various opposition groups vs. government		✓
Thailand	Southern border provinces	Various Islamist separatists vs. government	✓	✓
	Border with Cambodia	Thailand vs. Cambodia		✓
Tunisia	Several, e.g. Tataouine	Various opposition groups vs. government		✓
Turkey	Kurdish areas	Kurdish Workers' Party (PKK) vs. government	✓	✓
Uganda	Border with DRC	Lord's Resistance Army vs. government	✓	✓
Yemen	Several, e.g. Sanaa, Taiz	al-Qaeda in the Arabian Peninsula (AQAP), Ansar al-Sharia vs. government, tribal forces	✓	✓

Source: *Conflict Barometer* 2011, Heidelberg Institute for International Conflict Research

3. Assembling the Evidence Pack

Supporting documents

Example questionnaire regarding directors of supplier companies

Have you performed a background check on the directors of your suppliers prior to signing a contract with them?

If yes, please answer the following questions:

- a)** What were the results of those background checks?
- b)** Who performed the background checks? If carried out by a third party, what have you asked in advance to feel comfortable with their assessment?
- c)** What areas are covered by the background check? (e.g. credit score, criminal history, regulatory violations, other business interests and ownerships, etc.)
- d)** Do the background checks include applicable national and/or international anti-money laundering and proceeds of crime laws and regulations?
- e)** Does the check include an investigation at international levels?
- f)** Have your directors been screened against relevant sanctions list, including those published by the US and EU?
- g)** What types of checks are performed to ensure they have not committed fraud in other countries and to determine international business interests held by the directors which might include countries with international sanctions against them or which have been involved with armed conflict?

If no, please answer the following questions:

- a)** How do you ensure your suppliers' directors have not committed fraud and/or been involved in the violation of laws and regulations, including money laundering, the financing of international terrorism, sanctions violations, and bribery and corruption?
- b)** Do you follow any type of due diligence exercise (e.g. Know Your Customer)?
- c)** Have you performed any type of investigation at international level?
- d)** Do you have policies/procedures in place to mitigate exposure to fraud, bribery and corruption by your directors?
- e)** What checks are conducted to determine international business interests held by the directors, especially in regard to conflicts of interest?

Supporting documents

Example risk points and controls at the mine

This section sets out a table with examples of risk points that a company might identify during the gold mining process, and corresponding controls that the operation may have in place to mitigate those risks. The operation may recognise some of these and therefore be able to use them to form part of the 'evidence' for their assessment for this section of the Standard, if applicable (Part C, Section 2, Control of gold at the operation, only applicable in operations in an area assessed to be 'conflict-affected or high-risk'.)

Mining process	Risk point	Controls to mitigate risks
Open pit mining	Nugget effect or free-gold in the ore body being discovered and gold more easily accessed	<ul style="list-style-type: none"> • Security controlled access to the site and the pits • 24hr operations in active pits minimise chance of un-noticed access • Mass balance reconciliation • Weightometers (load cells) on trucks to monitor ore and waste tonnages (linked to GPS to track movement)
Open pit mining	Gold-bearing ore taken to the waste dumps (and collected later by perpetrators) and waste taken to crusher or mill	<ul style="list-style-type: none"> • GPS based controls to track movement of trucks (via control room) to ensure they take waste and gold-bearing material to the correct places • Ore spotter is located at the ore body to monitor movement of ore between the pits and the Rom Pad or waste rock dump. A register logs these movements with the truck number, grade, time of departure and arrival between these points
Underground mining	Leakage of gold-bearing material (difficult to measure as occurs before first measurement point in the process)	<ul style="list-style-type: none"> • Underground sampling and survey information • Logs of tonnage and gold value hoisted • Reconciliation with metallurgical plant information
Heap leach	See section on gold room	<p>Actual heap leach process presents negligible risk due to:</p> <ul style="list-style-type: none"> • Low grade of the pregnant solution (e.g. 0.38g/t) and ore • Difficulty of extracting gold if pregnant solution was to be stolen • Massive volumes of pregnant solution would need to be stolen to make any recovery of gold commercially viable • No milling or gravity circuits • Other general controls (See General controls section)

Mining process	Risk point	Controls to mitigate risks
General controls	Whole operation	<ul style="list-style-type: none"> Automated mining processes Anonymous hot-line for reporting gold theft, etc. Lifestyle audits of any suspicious spending by employees or contractors CCTV Security control room (personnel operating the room 24hrs) Security controls (entry and exit from the mine lease) SCADA system to monitor any variances on the different stages of the mine process (e.g. variances or unauthorised access to electro winning cells e.g. set off an alarm) Internal and external audits Security patrols around the entire mine lease area Background checks (screening) of staff Outer perimeter fencing for the metallurgical process plant Robust search and access control procedures to metallurgical operations
CIL plant	<p>Milling</p> <p>Mill re-lining and maintenance on the mill (residual gold concentrating in the mill behind mill lining and in the liner pockets.)</p>	<ul style="list-style-type: none"> Mill re-lining procedure (involves the presence of security and metallurgical management during the process to oversee the process) Refer to general controls <p>Registers:</p> <ul style="list-style-type: none"> – Mill gate appearance book – Mill gate entry and exit register – Mill gate vehicle log register – Mill gate material out register – Mill gate cell phone safe-keeping register – Mill gate visitor/contractor/delivery swipe card issuing – Mill gate key register – Mill personnel entry – Mill gate night routine patrol details register – Mill gate daily contractors and visitors proxy card check
CIL plant	<p>Gravity circuit</p> <p>(e.g. Knelson concentrators in the process circuit and Gemeni Table in the gold room – see gold room section): Access to free-gold during maintenance on the Knelson concentrator)</p>	<ul style="list-style-type: none"> Gravity circuit procedure for maintenance (e.g. two locks on the entrance door and can only be opened by both protection services and a senior metallurgist simultaneously) Controlled access (wire cages) Automated process to limited human intervention General controls (SCADA, CCTV on the Knelson) Security present during any access to the Knelson concentrator Correctly authorised entry permit required to access the concentrator for any reason Searches upon entry and exit Concentrator to be cleaned before any personnel are permitted to work on the concentrator
CIL plant	General losses from the process circuit	<ul style="list-style-type: none"> Daily meetings at the process plant to discuss the SCADA printout after each shift and to follow up on any variances Mass balance reconciliation Internal and external audits

Mining process	Risk point	Controls to mitigate risks
CIL Plant	Gold room	<ul style="list-style-type: none"> • Staff rotation • Internal and external audits • Controlled exit (metal detectors and searches on exit) • Background checks (screening) of staff working in the gold room • Electronic card access through turnstile • Registers: <ul style="list-style-type: none"> – Gold room daily occurrence register to record every activity in the gold room (all visitors and pours, opening of the drying room etc) – Gold room sump clean up register – Gold room alarm test register – Gold room lock up register (anything that requires lock up, whether equipment is working) – Gold room bar register (three separate records kept by the gold room superintendent, customs officer, security superintendent) – Gold bits register (records gold scraps cleaned up after the smelt) – Slag register – Gold room and Plant padlock check register – Visitor entry/exit register – Material removal register – Gold room key register – Gold room personnel entry and exit register – Mill gate appearance book • Contractors entry and exit register • Metal cages around the entire gold room • CCTV • Bullion sampling log book • Gold room is alarmed once the gold room is vacated • Various lock ups: <ul style="list-style-type: none"> – If applicable, Gemeni Table (Gemeni Table bucket cage) – two locks opened by supervisor and security superintendent – both open simultaneously – Vault – opened by the metallurgical manager and security superintendent – Safe – opened by finance manager and metallurgical manager or delegate – Gold bits collected and placed into a portable lock box (dual locks) – Slag box (goes back to the mill under escort by protection services) – Electro winning lock up (also dual access to the cells by security and metallurgical manager) – Drying room is dual locked • If applicable, gold from Gemeni Table removed from box and weighed, locked in the safe in the vault • Small team of people involved in the operation of the gold room (more staff minimise collusion) • Dirty/clean change house (thus no clothing that has been worn by employees in the gold room leaves the gold room)

3. Assembling the Evidence Pack

Mining process	Risk point	Controls to mitigate risks
CIL Plant	Gold room	<ul style="list-style-type: none"> • Weight room (vault) containing safe. Vault made of reinforced concrete and heavy duty steel door • Unique number written and stamped into the bar • Weighing and recording of all bars following a smelt • Tamper-proofing of the gold being shipped (customs seal, company seal and numbers listed on weigh bill which match the number imprinted on the gold bar) • SCADA system also monitors key processes in the gold room (i.e. electro winning) • Samples for assay (booked into sample container box which is locked and approved by the gold room Supervisor and the GRPSS) and accompanies by an authorised sample permit) • Sarbanes-Oxley Act (SOX) controls (recon of gold entering and exiting the gold room, mass balance, assay laboratory recon, waybill) steel cathodes from the electro winning does not leave the smelt room when used (put into smelter) • Management supervise employees during washing of the cathodes • Drying room is contained in separate cage with dual locks • Anyone visiting the plant during gold pours, electro winning, boxing and weighing of bullion etc must have written permission from top management. • Audit performed by protection services and key management on the plant, gold room and assay lab. • Holding of on-mine monthly meetings between senior metallurgical and senior security management to address areas of concern and to agree on action plans pertaining to prime product protection
Transport (from gold room to transporter)	Theft of gold while in transit	<ul style="list-style-type: none"> • Dedicated armoured vehicle • Procedures in place to manage the movement of people and gold • Military/police escort • Variation in timing and one hour's notice • Limited people know when the shipments occur (CFO, GM, protection services and customs offices, relevant HODs) • All movement of vehicles and personnel around the area of shipment stopped during the shipment.

3. Assembling the Evidence Pack

Supporting documents

External references

Weblinks and document downloads

[Heidelberg Conflict Barometer](#)

[OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#) ↓

[OECD Supplement on Gold](#) ↓

[UN Guiding Principles on Business and Human Rights](#) ↓

[Voluntary Principles on Security and Human Rights](#) ↓

[LBMA Responsible Gold Guidance](#) ↓

[Responsible Jewellery Council Chain-of-Custody \(CoC\) Standard](#) ↓

3. Assembling the Evidence Pack

