

# World Gold Council Standard Chain of Custody

16 June 2011

Version 3.5

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1.1	26 July 2010	Amended following visit to Newmont facility adjacent to Pete pit
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### **Abbreviations Used**

CoC – Chain of Custody

EU – European Union

ISO – International Standards Organisation

KYC – Know Your Customer

UN – United Nations

WGC – World Gold Council

### **References**

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

WGC Standard – Conflict-Free Gold

## Executive Summary

The World Gold Council (WGC) has established, in association with its members, the 'Conflict-Free Gold' Chain of Custody scheme. The purpose of this scheme is to ensure that companies producing, transporting and refining gold which meets the standards set out are able to claim their product is 'Conflict-Free Gold'. The scheme is based on a series of so-called 'Umbrella Principles' which support the introduction of issue-specific WGC Standards. One element of the 'Umbrella Principles' is to ensure that all WGC Standards are met throughout the entire Chain of Custody and provide the basis for assurance and eventual certification.

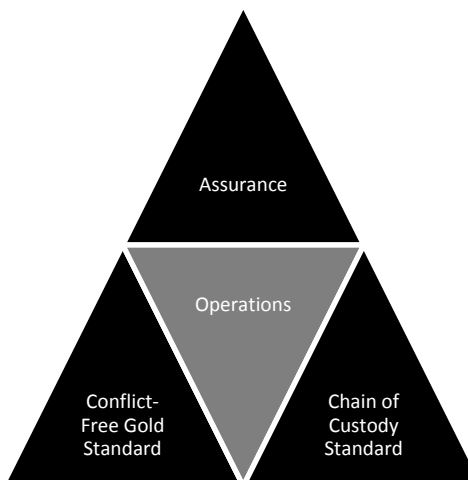
The chain of custody for gold is a diverse one, covering the extracting of the ore, the milling and smelting to produce the doré, the transport to the refinery (either by the Company or through contractors or intermediaries), the refining of the doré into a finished or semi-finished product and its route to the end user either directly, through a manufacturer of the final product or through an intermediary. This chain of custody is further complicated by the fungible nature of the commodity and thereby the potential for gold from different sources to be combined at certain points in the chain. The potential for gold from differing sources and of differing levels of conformance to be combined is a significant issue in determining its provenance by the time the gold reaches the market.

To address this issue, this WGC Standard sets out the requirements for a Chain of Custody Management System, together with the documentation and warranties required to ensure the provenance of the gold is recorded at each stage of the chain.

The characteristics of the gold include:

- **Source** – the mine from which the gold was extracted
- **Standard** – the extent of conformance with WGC Standards at each stage of the chain
- **Quality** – the quality of the gold as assayed at the mine or the refinery
- **Weight** – the weight of the gold as measured at the mine or the refinery

This WGC Standard only addresses the management system and procedural requirements of the Source and Standard of the gold. Whilst the requirements set out in this WGC Standard may be integrated with other management systems addressing the Quality and Weight, thereby simplifying the process for the Company, there is no obligation placed on the Company in this regard.



The *WGC Standard – Chain of Custody* is set out in three parts.

- **Part A:** a description of the various stages involved in the Chain of Custody
- **Part B:** the management system and procedural requirements to be implemented
- **Part C:** the documentation and Warranty requirements

It is for the Company to implement the requirements of this WGC Standard in a manner appropriate to the management of its operations and in a way which ensures effective implementation. The effectiveness of the Chain of Custody Management System will be determined through independent assurance in line with the *WGC Standard – Certification and Assurance*.

## Definitions

For the purpose of the *WGC Standard – Chain of Custody*, the following definitions will apply:

### **Company**

The corporate body responsible for mining the gold.

### **Concentrate**

Where gold is produced as a by-product of mining another commodity (e.g. copper), it may be produced in a low-grade concentrate form which is then transported to a smelter/refinery for further processing. This WGC Standard does not apply where gold is a by-product of mining another commodity (e.g. copper). References in this WGC Standard to 'concentrate' should be taken to mean gold concentrate only.

### **Conformance and Non-Conformance**

Gold which meets all aspects of the WGC Standards is deemed to be in Conformance with the WGC Standards. Where the process fails to meet the WGC Standards, the gold is deemed to be in Non-Conformance with the WGC Standards.

### **Doré**

Bar of gold of up to 90% purity, produced at the smelter, and then transported to the refinery for further processing.

### **ISO9001**

The International Standards Organisation standard for quality management systems.

### **ISO14001**

The International Standards Organisation standard for environmental management systems.

### **Mine**

The location from which gold is extracted in line with formally granted permits to mine.

### **OHSAS 18001**

The Occupational Health and Safety standard for occupational health and safety management systems.

### **Politically Exposed Person**

A person who has been entrusted with a prominent public function, or an individual who is closely related to such a person. By virtue of their position and the influence that they may hold, a PEP generally presents a higher risk for potential involvement in bribery and corruption.

### **Refinery**

The location at which gold doré or scrap gold is melted, refined and processed to produce finished or semi-finished products. The refinery is owned and operated by the Refining Company.

### **Security Agent**

A contracted third party employed by the Company or the Refining Company to ensure the security of a consignment of doré. The Security Agent and the Shipping Agent may or may not be the same entity.

**Segregation**

The physical separation (either in time or spatially) of gold which is in conformance with the WGC Standards from gold that is non-conformant.

**Shipping Agent**

A contracted third party employed by the Company to move ore between mines or by the Company or the Refining Company to move doré or concentrate, between the mine and the refinery. In some countries Shipping Agents may be known as 'Total Liability Carriers'.

**Smelter**

The location at which the milled ore or concentrate is processed to produce gold doré. The smelter may be owned and operated by the Company, a Refining Company or a third party Smelting Company.

**Trader Intermediaries**

Individuals, groups, or companies which buy doré, gold nuggets, gold dust or concentrate from mines and sell on to Smelting Companies or Refining Companies.

## Introduction

Gold is an extremely valuable commodity and is used in a wide variety of applications, from currency to jewellery from electronics to medical devices. As a result of its inherent value and the extent of the use to which gold may be put, it is constantly reused and recycled. Gold mined by the Egyptians thousands of years ago is just as likely to become part of tomorrow's mobile phone as gold which is produced using modern mining techniques.

The processing of gold is truly a global industry, with ore mined on one continent, being smelted into doré for transport to another continent for refining. The refined gold may be sent to another continent for use in manufacturing components which are eventually found in electronic goods sold in a fourth continent. This globalisation of the supply chain reflects the value of gold and its importance as a commodity in today's society.

Gold is an enduring and valuable commodity with a global supply chain which is significantly more complex than that for other commodities. The range of processes, changes in ownership and responsibility, and variations in physical forms through which gold may pass is substantial. The fact that gold may be stored in vaults for hundreds of years prior to being used, also demonstrates the time period over which the supply chain operates which is not apparent for other commodities.

So it is not surprising then that putting in place a secure chain of custody for gold is immensely complex. However, it is precisely because of its inherent value that the chain of custody for gold has been defined in part through international regulations, such as those for anti-money laundering, now reflected in the Know Your Customer (KYC) process. This provides an important basis for any further developments of the chain of custody in that the overarching framework is already in place.

That said, further defining the chain of custody is essential if compliance with other standards (such as those for conflict-free gold, or bribery and corruption) are to be enforceable at each stage of the chain. The global nature of the supply chain provides opportunities for those wishing to introduce gold of unknown provenance into the market if controls are insufficient to guarantee the chain of custody remains intact.

Any process intended to provide a secure chain of custody requires three elements. Firstly, a defined process in which the routes by which gold may move are mapped out. Secondly, a process which documents the changes in ownership and responsibility of gold when they occur. Finally, a commitment from all parties involved that they guarantee the provenance of the gold is maintained whilst in their care. This last part is usually achieved through the provision of warranties. The *WGC Standard – Chain of Custody* puts in place the process and warranties necessary to guarantee the provenance of gold is maintained at each stage of the chain.

The World Gold Council represents the world's leading gold miners. Together with its members, the World Gold Council strongly supports the responsible production of gold and is very concerned about any gold production activity that may lead to the abuse of human rights, has a long-term adverse effect on the environment or leaves communities worse off.

The World Gold Council, its members and refiners together are responsible for the supply chain from ore to finished or semi-finished gold products such as gold bars, coins, wire, granules and rods. The semi-finished products then become the feedstock for other manufacturing processes such as jewellery and electronics. Defining the chain of custody for the post-refinery stages falls to organisations other than the World Gold Council. However, by defining a process which will secure the chain of custody up to the refinery, the World Gold Council, its members and refiners believe they will provide the basis for the introduction of performance standards which will help ensure responsibly produced gold is distinguished from gold that contributes to conflict entering the market place.

## Part A – Scope

### 1. Overview

Part A seeks to define the scope of coverage of the *WGC Standard – Chain of Custody*. The various elements of the Chain of Custody are set out schematically in **Annex A**, and their relevance to the claims that may be made of the final product are set out in **Annex B (to be added)**. For the purposes of this WGC Standard, the model on **Segregation** is taken as the preferred option.

This section also identifies areas where particular attention should be paid to the Chain of Custody, either due to the potential to mix sources of commodity and thereby breaching the requirement to segregate gold in conformance with other WGC Standards from gold which is non-conformant, or where documentation and monitoring will ensure that correct claims may be made by the end-user/retailer regarding the provenance of the product.

Gold may be a by-product of mining for other commodities such as copper. In such cases, the requirements set out in this WGC Standard **do not** apply at present.

## **2. The Mine**

In a simple chain of custody process, the gold-containing ore passes through a number of standard processes on the mine before the impure alloy produced passes on to the refinery. Given the capital cost of milling and smelting however, it is possible for the chain of custody to be more complex at this stage with ore being taken from smaller-scale adjacent sources and being mixed with gold from the principal mine. These aspects need to be considered in the context of the *WGC Standard – Chain of Custody*.

### **2.1 Crushing**

The ore produced by the pit or the shaft is crushed either through primary and secondary crushers to break it down into manageable pieces for subsequent operations. In this process, ore from different shafts or pits, and potentially from other mining operations may be mixed together prior to crushing.

### **2.2 Milling**

The crushed ore is broken down further to expose the gold particles. The dust containing the gold then passes into the flotation or cyanidation process where the gold is dissolved. The gold is recovered from solution, ready for the smelting process, either by the addition of zinc or the carbon-in-pulp process. The crushed ore entering this process can be from a number of mines and may be blended to provide an homogenised feedstock to the crusher.

### **2.3 Smelting**

The ore or gold concentrate is melted at a smelthouse which is typically located at or near the mine to separate out gold using a flux to dissolve out impurities. Ores or gold concentrates from different sources, either from the same mine or from other mines may be brought together in this process. The output from this process is slag and gold doré.

### **3. The Transport**

The gold doré is sealed in security boxes at the smelthouse in the presence of authorised mine/smelting company personnel, security, and customs officials before being transported to the refinery. The doré is moved either by the Company or by a third party such as a Shipping Agent. It is possible that the Shipping Agent may not be present when the security boxes are sealed and in this case they will rely on warranties provided by the mine/smelting company. In general, there is little scope for the mixing of gold from different sources during this stage. However, the chain of custody process addresses the documentation that accompanies the doré to ensure that provenance remains intact and verifiable throughout this stage.

#### 4. Traders

The primary route for the doré once it has been sealed at the smelthouse is to the refinery. However, in less regulated parts of the world, doré has found its way from the smelthouse in to the hands of traders who operate outside of the normal export protocols. This WGC Standard addresses the documentation that should accompany the doré from mine to the refinery. In implementing the Chain of Custody Management System requirements set out in **Part B** the Company should consider the potential for, and risks associated with, gold passing through the hands of traders between the mine and the refinery.

## 5. The Refinery

### 5.1 Assaying

The gold doré arriving at the refinery is assayed to determine the quality of the gold contained within the bar and together with weighing determines the value of the gold at the prevailing market price. At this point, unless there is a specific standard or requirement, the gold doré from a variety of sources will be melted down as the first phase of the refining process and cast into anodes.

### 5.2 Refining

The cast gold anodes are placed in an electrolyte as part of the electrolysis process. The gold moves from the anode through the solution and is deposited on to the cathode. Unless gold is segregated when it enters the refinery and kept separate throughout the process, the gold deposited on any given cathode will be from a variety of anodes within the same electrolysis bath.

The gold on the cathode is recovered, melted and cast into bars, either as an end product such as a London Good Delivery Bar (as defined by the LBMA), or to be rolled ready for the production of coins, wire, rods or other semi-finished products.

Where bars are cast, or rolled ready for production of coins etc, there is the potential for reject products or waste pressings to be recycled within the refinery. In such cases, the Chain of Custody Management System needs to take account of whether such activities are likely to affect the provenance of the gold.

**This WGC Standard applies up to and including the point at which the gold product or semi-finished product leaves the refinery. The following sections – *The Manufacturer and Retailer/End-User* are included only for reference.**

## **6. The Manufacturer**

The product leaving the refinery can be destined either for the customer or for manufacturing purposes. The extent to which gold is used in the electronics industry, for medical purposes, in the jewellery trade, the automotive sector or in other areas needs to be considered insofar as:

- There may be scope for gold meeting WGC Standards to be incorporated with gold which is in Non-Conformance with said standards.
- There may be scope for gold meeting WGC Standards to be incorporated into an alloy with commodities failing to meet similar standards.
- There may be scope a manufacturer claiming a product meets the WGC Standards where the gold used was in fact in Non-Conformance.

Any Chain of Custody Management System operating between the refiner and the retailer needs to take account of the robustness of documentation or warranties passed between the various parties in the Chain of Custody.

## 7. Retailer/End-User

In the case of the London Good Delivery Bar, the organisation taking delivery of the bar needs to reassure itself that the documentation provided through the Chain of Custody from the refiner is genuine prior to accepting the bar as meeting any given WGC Standard.

In the case of the retailer, they need to reassure themselves that the documentation provided through the Chain of Custody from the manufacturer is genuine prior to making any claims in line with the *WGC Standard – Labelling and Marketing*.

## **Part B – Chain of Custody Management Requirements**

### **1. Overview**

This section sets out the general requirements for a management system to govern the Chain of Custody of gold and gold products. Each company within the Chain of Custody is required to implement the elements of the Chain of Custody Management System set out below. **Part C** sets out the process documentation which will ensure the transfer of information from one company to another as the gold moves through the Chain of Custody. The Chain of Custody Management System, and the records generated through its implementation, will be essential in ensuring the provenance of the gold is documented and the degree to which the gold is able to meet other WGC Standards is recorded. Such documentation will be a key source for assurance and potential certification.

## **2. General Requirements**

Companies may have existing Chain of Custody Management Systems in place, or Management Systems covering ISO9001, ISO14001 or OHSAS18001 which may provide the basis for the requirements set out in this section. Where possible, companies are encouraged to embed the requirements below into existing management systems as this will improve implementation, improve efficiency and simplify the assurance process.

### **3. Strategic Direction**

#### **3.1 Policy**

The Company shall put in place a Chain of Custody policy which identifies the relationship of the Chain of Custody with the corporate strategy. This policy should be made publicly available, and communicated to relevant employees, customers and suppliers.

#### **3.2 Management System**

The Company shall ensure that appropriate management arrangements are put in place to support the policy outlined in Section 3.1. Where the Chain of Custody Management System is separate from other management systems, the Company should ensure that any overlaps or conflicts between these systems are resolved prior to implementation.

#### **4. Organisational Arrangements**

##### **4.1 Responsibility and Accountability**

The Company shall appoint a member of the Executive Management who in addition to their other responsibilities shall have responsibility ensuring that a Chain of Custody Management System is implemented; and reports provided to Executive Management and the Board on the performance of the Chain of Custody Management System.

The Company shall also ensure that the Chain of Custody Management System is subject to internal assurance in line with company processes, to provide reassurance to Executive Management and the Board on the robustness of the Chain of Custody Management System.

##### **4.2 Resources**

The Company shall ensure appropriate resources are made available to establish, implement, maintain, review and improve the Chain of Custody Management System.

Such resources should include:

- Financial resources
- Competent employees or contractors to implement and operate the Chain of Custody Management System
- Training resources to ensure appropriate employees or contractors remain able to implement and operate the Chain of Custody Management System
- Communication resources to ensure all relevant employees, suppliers and customers are aware of the requirements of the Chain of Custody Management System and
- Assurance resources to ensure that appropriate assessments of the robustness of management controls within the Chain of Custody Management System can be undertaken and the results reported to the Board.

## **5. Implementation**

### **5.1 Procedures**

The Company shall establish, implement and maintain such procedures as are required to implement the requirements of this WGC Standard. The procedures should reflect the complexity and scale of the operations to which they will apply.

### **5.2 Risk-Based Implementation**

The Company shall identify those aspects of its operations which are covered by the Chain of Custody Management System and ensure that the management of the operations are aware of their responsibilities under this WGC Standard, and discharge their responsibilities in a timely and professional manner.

The Company should use the OECD's 'Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' to determine the risks posed by its supply chain in enabling, fuelling or maintaining conflict. This will be particularly important when the Company is considering the risks associated with a supply chain which extends across high-risk countries.

### **5.3 Record keeping**

The Company shall ensure records are maintained and up-to-date covering all relevant requirements of this WGC Standard.

The Company shall ensure that documents critical to the Chain of Custody Management System, including, but not limited to, those stipulated in Part C, are identified and retained for at least five years or for a period stipulated in a company's policy where this period is longer than five years.

### **5.4 Communications**

The Company shall ensure that appropriate communications are put in place to ensure:

- Employees and contractors are aware of their responsibilities
- Policies and procedures are available at the point of use
- The use of previous versions of policies and procedures is prevented
- Employees are encouraged to identify improvements to the Chain of Custody Management System

### **5.5 Continual Improvement**

The Company shall ensure that the Chain of Custody Management System and its supporting procedures are revised in light of:

- The Company's experience gained during their implementation
- The findings of any relevant internal review
- The recommendations of any relevant internal or independent assurance
- Taking account of the experience of others
- The introduction of new or revised requirements

## **6. Review and Assurance**

### **6.1 Review**

The Company shall ensure the policy required under Section 3.1 is reviewed at least on an annual basis. Where the review identifies improvements or potential areas of non-conformance, the Company shall put in place a plan to address the issues identified.

The Company shall ensure the Chain of Custody Management System is also subjected to a review on an annual basis. Where the review identifies improvements or potential areas of non-conformance, the Company shall put in place a plan to address the issues identified.

### **6.2 Assurance**

The Company shall ensure the Board of the Company is provided with an independent view on the robustness of management controls contained within the Chain of Custody Management System, and their appropriateness in managing the key risks. This assurance should be provided on an annual basis.

Companies are encouraged to integrate the provision of assurance with existing assurance processes such as those required under company listing requirements, financial reporting requirements, ISO9001, ISO14001, or OHSAS18001.

## Part C – Chain of Custody Documentation

### 1. Overview

This section sets out the general requirements for both the pre-shipment background checks and the recording of information throughout the Chain of Custody, necessary to ensure the provenance and integrity of the gold is understood and accurately recorded. The Chain of Custody itself together with the flow of information through the documentation contained within this section is set out in Annex A.

Providing proof at each stage that the integrity of the chain has been preserved is not solely limited to the documentation stipulated in this section. Companies will be required to maintain appropriate records to ensure that assurance of performance against this WGC Standard can be undertaken.

In stipulating the warranties which should be provided as the gold passes through the Chain of Custody, the requirements of this WGC Standard should be integrated into the existing financial and quality documentation process. This will both reduce costs of implementation, and ensure that assurance against this WGC Standard can be integrated with existing assurance processes.

It should be recognised that none of the requirements set out in subsequent sections seek to replace existing legislative obligations placed on refining companies to undertake rigorous customer checks through a 'Know Your Customer' (KYC) process. Instead the requirements below are both set in the context of a comprehensive KYC process as well as providing enhancements.

It is important to recognise that ownership of the commodity may well change during the Chain of Custody. For example, the Mining Company may sell gold-bearing concentrate to a smelter (occasionally this may involve a third party intermediary). The Mining Company may also keep ownership of gold doré up to the point at which a Refining Company completes its assay. Equally, the Mining Company may retain full or part ownership of the gold until it is sold from the refinery.

The responsibility, as distinct from the ownership, of the gold may also change during the Chain of Custody. The organisation responsible for the gold at any given stage of the Chain of Custody is responsible for implementing the relevant sections below.

## **2. Know your Customer**

### **2.1 Import/Export Authorisations**

Where the Refining/Smelting Company accepts responsibility and/or ownership of the doré or concentrate at the mine, it is the responsibility of the Refining/Smelting Company to ensure the necessary and current authorisations to import and export the commodity between the country in which the mine is located and the refinery/smelter are in place.

Where the Mining Company retains ownership of the doré or concentrate until it reaches the refinery or smelter, it is the responsibility of the Mining Company to ensure the necessary and current authorisations to import and export the commodity between the country in which the mine is located and the refinery/smelter are in place.

Where the gold doré/concentrate enters one or more intermediate countries between the mine and the refinery, the relevant company shall ensure that necessary and current authorisations to import and export the commodity into and out of each country are in place.

Where gold doré/concentrate is received by the Refining/Smelting Company without the appropriate Import and Export authorisations for the consignment, the gold doré/concentrate is deemed to be in **Non-Conformance** with the relevant WGC Standards.

### **2.2 Customer Background – Mining Company**

In the majority of instances, the Mining Company will be producing gold doré from ore generated from its own operations. There may be instances where the ore is purchased from, or smelted on behalf of, a third party. In such cases, the Company needs to ensure:

- The originator of the ore is not a company covered by economic sanctions set by a supra-national body (e.g. UN, EU), or an individual/company which has been convicted under any Anti-Money Laundering or Corrupt Practice legislation.
- Any handling of the ore between the originator and the Company's mine is not provided by a company covered by economic sanctions set by a supra-national body (e.g. UN, EU) or an individual/company which been convicted under any Anti-Money Laundering or Corrupt Practice legislation.
- All financial transactions for the purchase or smelting of the ore/concentrate are recorded and no cash transactions are permissible.

Where the Company blends ores/concentrate from different mines (all of which are owned by the Company) prior to the milling and/or smelting process, and where the transport of that ore/concentrate is undertaken by a third party, the Company needs to ensure:

- The ore/concentrate is not transported by a company covered by economic sanctions set by a supra-national body (e.g. UN, EU), or an individual/company which has been convicted under any Anti-Money Laundering or Corrupt Practice legislation.

If preliminary KYC checks reveal that any person within this supply chain is a Politically Exposed Person (PEP), the Company should take additional steps to ensure that the PEP has not been convicted of, nor is under investigation for, bribery or corruption.

Where the PEP is subsequently found to be either convicted of, or under investigation for, bribery or corruption, the Chain of Custody is deemed to be incomplete and no Warranty may be given from the Customer to the Refining Company. Any ore/concentrate/doré handled by such individuals will be deemed to be in **Non-Conformance** with relevant WGC Standards.

### 2.3 Customer Background – Smelting Company

In general, the ore or concentrate will be smelted and poured as doré at a smelter owned by the Mining Company. However, the mine may produce gold concentrate as a result of mining gold that is sent for smelting either at a smelter owned by the Mining Company or by a Smelting Company.

The Smelting Company has primary responsibility for ensuring it knows the provenance of the concentrate it is receiving, through the implementation of an auditable KYC process. KYC refers to the regulatory compliance mandate imposed on financial service providers (including Smelters) to implement a Customer Identification Programme and perform due diligence checks before doing business with a person or entity.

One of the key requirements is checking that a prospective customer is not named on any government lists for wanted money launderers, known fraudsters, terrorists or that the customer is not operating in a country subject to international sanctions or embargoes.

It is the responsibility of the Smelting Company to ensure that it knows the original provider of all concentrate it receives and in that context has sufficient assurance on the following issues:

- The originator is not a company covered by economic sanctions set by a supra-national body (e.g. UN, EU) or an individual/company which has been convicted under any Anti-Money Laundering or Corrupt Practice legislation.
- Any handling of the concentrate undertaken on behalf of the Smelting Company is not provided by a company covered by economic sanctions set by a supra-national body (e.g. UN, EU), or been convicted under any Anti-Money Laundering or Corrupt Practice legislation

If preliminary KYC checks reveal that any person within this supply chain is a Politically Exposed Person (PEP), the Smelting Company should take additional steps to ensure that the PEP has not been convicted, and is not under investigation, of bribery or corruption.

Where the PEP is subsequently found to be either convicted or under investigation for bribery or corruption, the Chain of Custody is deemed to be incomplete and no Warranty may be given from the Customer to the Refining Company. Any concentrate handled by such individuals will be deemed to be in **Non-Conformance** with relevant WGC Standards.

The Smelting Company is also responsible for ensuring that any handling of the concentrate undertaken on its behalf is in Conformance with relevant aspects of other WGC Standards and in particular the *WGC Standard – Conflict-Free Gold*.

The Smelting Company should consider obtaining the following information from potential customers **before** any transaction is undertaken:

- Worldcheck information
- Business register extract
- Official document demonstrating person can bind the customer
- ID or passport of the person representing the customer
- List of authorised signatories with specimen signatures
- Audited annual report or balance sheet and P&L if no audited accounts available
- Bank reference letter
- Import and export documentation/licences

#### **2.4 Customer Background – Refining Company**

The Refining Company has primary responsibility for ensuring it knows the provenance of the gold doré it is receiving, through the implementation of an auditable KYC process. KYC refers to the regulatory compliance mandate imposed on financial service providers (including Refiners) to implement a Customer Identification Programme and perform due diligence checks before doing business with a person or entity.

One of the key requirements is checking that a prospective customer is not named on any government lists for wanted money launderers, known fraudsters, terrorists or that the customer is not operating in a country subject to international sanctions or embargoes.

It is the responsibility of the Refining Company to ensure that it knows the original provider of all gold doré it receives and in that context has sufficient assurance on the following issues:

- The originator is not a company covered by economic sanctions set by a supra-national body (e.g. UN, EU) or an individual/company which has been convicted under any Anti-Money Laundering or Corrupt Practices legislation
- Any handling of the gold doré undertaken on behalf of the Refining Company is not provided by a company covered by economic sanctions set by a supra-national body (e.g. UN, EU), or been convicted under any Anti-Money Laundering or Corrupt Practices legislation.

If preliminary KYC checks reveal that any person within this supply chain is a Politically Exposed Person (PEP), the Refining Company should take additional steps to ensure that the PEP has not been convicted of, and is not under investigation for, bribery or corruption.

Where the PEP is subsequently found to be either convicted of, or under investigation for, bribery or corruption, the Chain of Custody is deemed to be incomplete and no Warranty may be given from the Customer to the Refining Company. Any gold doré handled by such individuals will be deemed to be in **Non-Conformance** with relevant WGC Standards.

The Refining Company is also responsible for ensuring that any handling of the gold doré undertaken on its behalf is in Conformance with relevant aspects of other WGC Standards and in particular the *WGC Standard – Conflict-Free Gold*.

The Refining Company should consider obtaining the following information from potential customers **before** any transaction is undertaken:

- Worldcheck information
- Business register extract
- Official document demonstrating person can bind the customer
- ID or passport of the person representing the customer
- List of authorised signatories with specimen signatures
- Audited annual report or balance sheet and P&L if no audited accounts available
- Bank reference letter
- Import and export documentation/licences

### 3. Ore Mining, Crushing and Milling

The responsibility for meeting the requirements set out in this section rests with the Company. The warranties set out in this section are necessary to ensure the Company is able to substantiate the Warranty which accompanies the doré when it leaves the mine.

#### 3.1 Ore from Other Company-Owned Mines

Where the Company blends ore from different shafts or pits on a particular mine to achieve the optimum balance prior to processing, no Warranty is needed at this stage.

Where ore is taken from another mine owned by the Company, no warranty is required. However, the Company needs to ensure that where it sub-contracts the transport of the ore from one mine to another, it has provided assurance under Section 2.2.

#### 3.2 Ore from Third Parties

Where the Company blends ore from different shafts, pits or its own mines to achieve the optimum balance prior to processing, no warranty is needed at this stage.

However, where ore is taken from a third party for processing by the Company, the Company will be required to provide one of the following warranties depending upon the regularity with which it receives the ore:

- Where the ore is taken from a third party on an ad-hoc basis, the following warranty should be provided with each consignment:

##### **Warranty**

*{Mine company name}* confirms all ore from *{Third-party company name}* purchased on *{date}* is in conformance with all relevant WGC Standards.

- Where the ore is taken from a third party on a regular basis as stipulated in the relevant contract, the following Warranty should be provided on a monthly basis:

##### **Warranty**

*{Mine company name}* confirms all ore from *{Third-party company name}* purchased during *{month, year}* is in conformance with all relevant WGC Standards.

The above warranties are valid only where they can be supported by documentary evidence. Any Warranty should be signed and dated by a designated officer within the Company who has been trained in the requirements of the Company's Chain of Custody Management System.

### **3.3 Production of Gold Concentrate or Doré**

No warranties are required in this section.

At this stage, the process can follow two routes. Where the production of gold is the primary outcome, the requirements of this WGC Standard continue in Section 4.

#### 4. Direct Smelting

The responsibility for meeting the requirements set out in this section rests with the Company. The Warranty set out in this section is necessary to ensure the Company is able to substantiate the Warranty which accompanies the doré when it leaves the mine.

Where the production of gold doré is the primary outcome, the crushed and milled ore is taken to an on-site smelter. For the purposes of the WGC Scheme, the **monthly record of volumes** entering the smelter should include the following Warranty where it can be supported by documentary evidence:

##### **Warranty**

*{Mine company name}* confirms all ore entering the *{smelter name}* during the *{month, year}* is in conformance with all relevant WGC Standards.

The Warranty should be signed and dated by a designated officer within the Company who has been trained in the requirements of the Company's Chain of Custody Management System.

At this point, the gold is poured as doré and the requirements of this WGC Standard continue at Section 6.

## 5. Gold Concentrate Transport and Smelting

### 5.1 Assay

The responsibility for meeting the requirements set out in this section rests with the Company.

Each consignment of concentrate is weighed and assayed. This information is recorded on the **Assay Report** which accompanies the consignment as well as being recorded electronically for onward transmission to the Smelting Company.

For the purposes of the WGC Scheme, each consignment should be allocated a unique reference number. The consignment reference number should be listed on the **Waybill** to ensure the Smelting Company is able to determine which consignments are in conformance with relevant WGC Standards.

For the purposes of the WGC Scheme, the **Proforma Invoice** should include the following Warranty where it can be supported by documentary evidence:

#### **Warranty**

*{Mine company name}* confirms consignment *{consignment number}* is in conformance with all relevant WGC Standards and provides a warranty to that effect.

The Warranty should be signed and dated by a designated officer within the Company who has been trained in the requirements of the Company's Chain of Custody Management System. The sealing of the consignment should be undertaken in the presence of a customs officer (where appropriate) and a representative of the Shipping Agent taking responsibility for the transport of the gold concentrate to the smelter.

### 5.2 Smelting

This section applies to gold concentrate and NOT to gold-bearing copper concentrate.

The responsibility for meeting the requirements set out in this section rest with the Smelting Company.

When signing the **Waybill** for the consignment of concentrate, the Smelting Company should include the following Warranty where it can be supported by documentary evidence:

#### **Warranty**

*{Smelting Company}* confirms it has received consignment *{consignment number}* from *{Shipping Agent}* and appropriate warranties in respect of the level of conformance with relevant WGC Standards.

The Warranty should be signed and dated by a designated officer within the Smelting Company who has been trained in the requirements of the Company's Chain of Custody Management System, and who takes responsibility for the consignment of concentrate for which the Warranty is being given.

Once accepted by the Smelting Company, the concentrate will be smelted and the gold is poured as doré.

For the purposes of the WGC Scheme, the **monthly record of volumes** entering the smelthouse should include the following Warranty where it can be supported by documentary evidence:

**Warranty**

*{Smelting company name}* confirms all concentrate entering the *{smelter name}* during the *{month, year}* is in conformance with all relevant WGC Standards.

The Warranty should be signed and dated by a designated officer within the Smelting Company who has been trained in the requirements of the Company's Chain of Custody Management System.

The requirements of this WGC Standard continue at Section 6.

## 6. Doré Checking

The responsibility for meeting the requirements set out in this section rests with the Company where the doré is produced on-site, or the Smelting Company where doré is produced from gold concentrate.

Each bar of doré is weighed and assayed at the smelthouse. This information is recorded on the **Assay Report** which accompanies the bar of doré as well as being recorded electronically for onward transmission to the Refining Company.

For the purposes of the WGC Scheme, each bar of doré should be allocated a unique reference number. The number should be affixed to, **and** imprinted in, the bar of doré in such a manner that it cannot be removed during transport. The bar reference number should be listed on the **Waybill** to ensure the Refining Company is able to determine which bars in any shipment are in conformance with relevant WGC Standards.

For the purposes of the WGC Scheme, the **Waybill** should include the following Warranty where it can be supported by documentary evidence:

### **Warranty**

*{Mine/Smelting company name}* confirms doré bar {numbers} covered by this Waybill have been produced in conformance with all relevant WGC Standards.

*{Mine/Smelting company name}* confirms doré bar {numbers} covered by this Waybill are NOT in conformance with one or more WGC Standards.

Where a Warranty is provided that one or more doré bars are **not** in Conformance with one or more WGC Standards, a separate list should be included as part of the **Waybill** identifying which bars are in Non-Conformance and for which WGC Standards.

For the purposes of the WGC Scheme, the **Proforma Invoice** should include the following Warranty where it can be supported by documentary evidence:

### **Warranty**

*{Mine/Smelting company name}* confirms the Waybill for consignment {consignment number} identifies those doré bars in conformance with all relevant WGC Standards and provides a warranty to that effect.

The Warranty should be signed and dated by a designated officer within the Company/Smelting Company who has been trained in the requirements of the Company's Chain of Custody Management System, and who witnesses the sealing of the crate containing the doré bars for which the Warranty is being given. The sealing of the crate should be undertaken in the presence of a customs officer and a representative of the Shipping Agent taking responsibility for the transport of the doré to the refinery.

## 7. Refinery Checking and Assay

The responsibility for meeting the requirements set out in this section rests with the Refining Company.

For the purposes of the WGC Scheme, when accepting the consignment from the Shipping Agent, the Refining Company should:

- Check the unique bar reference numbers contained on the Waybill against the number on each doré bar.
- Check the weight of the consignment corresponds (within agreed tolerances) with that cited on the Waybill.
- Provide assurance that the assay undertaken at the refinery confirms (within agreed tolerances) the assay on the Waybill and therefore the provenance of each bar.
- Ensure that the warranties provided support the integrity of each bar.
- Ensure bars confirmed as being in conformance with all relevant WGC Standards are segregated in the refining process from those bars where:
  - Their provenance is uncertain
  - Inadequate warranties have been provided
  - The unique reference number is missing
  - The assay at the refinery differs from the mine assay (taking into account agreed tolerances)
  - The weight of the consignment at the refinery differs from that on the Waybill (taking into account agreed tolerances)

Where any bar does not have the appropriate warranties in place, it shall be considered to be in **Non-Conformance** with the relevant WGC Standards.

## 8. Refining Process

The responsibility for meeting the requirements set out in this section rests with the Refining Company.

During the refining process, the Refining Company has an obligation under this Standard to ensure that the provenance of the gold is retained at all stages. Under the segregation principle, this requires gold doré which arrived at the refinery with warranties confirming it is in Conformance with all relevant WGC Standards, to be segregated (either in time or spatially) at all times from gold doré without such warranties.

### 8.1 Feedstock Warranty

Where the Refining Company can demonstrate that all the feedstock (i.e. doré into the refinery) is in conformance with all relevant WGC Standards, the requirement for segregation is removed. In such cases, the Refining Company shall provide the following Warranty on a monthly basis where it can be supported by documentary evidence:

#### **Warranty**

*{Refining Company}* confirms all doré refined on its premises are in conformance with all relevant WGC Standards.

The Warranty should be signed and dated by a designated officer within the Refining Company who has been trained in the requirements of the Company's Chain of Custody Management System.

Where the Refining Company **cannot** demonstrate that all the feedstock (i.e. doré into the refinery) is in conformance with all relevant WGC Standards, they shall allocate one or more crucible(s) and one or more electrolysis bath(s) specifically for processing gold doré with appropriate warranties to ensure it remains segregated at all times from gold doré without such warranties.

In such cases, the Refining Company shall provide the following Warranty for each batch of doré processes where it can be supported by documentary evidence:

#### **Warranty**

*{Refining Company}* confirms all doré in batch *{batch no}* refined *{date}* on its premises was in conformance with all relevant WGC Standards.

The Warranty should be signed and dated by a designated officer within the Refining Company who has been trained in the requirements of the Company's Chain of Custody Management System.

As identified in Part A Section 5.2, the refining process can result in waste product being generated. Where the Refining Company can provide a Warranty that such waste product originated from an original gold product with a Warranty of conformance, then the waste gold can be re-processed with gold which is in Conformance with relevant WGC Standards and the batch shall be classified as being in **Conformance**.

The Refining Company shall provide the following Warranty for each batch of gold processed through the refinery where it can be supported by documentary evidence:

**Warranty**

{*Refining company name*} confirms all gold in batch {*Batch number*} processed on {*date*}:

- a) was produced from gold doré with warranties confirming conformance with all relevant WGC Standards
- b) included only waste gold from processes within the refinery and where the said waste gold came from batch {*batch number*} with a warranty of conformance with all relevant WGC Standards

was segregated from all doré without appropriate warranties at all stages of the refining process

The Warranty should be signed and dated by a designated officer within the Refining Company who has been trained in the requirements of the Company's Chain of Custody Management System.

## 8.2 Product Certification and Labelling

All gold products produced with a Warranty outlined in Section 8.1 are eligible to be certificated as being in **Conformance** with all relevant WGC Standards. This certification is intended to provide assurance to the Refining Company's customer that the provenance of the product has been maintained through the Chain of Custody and the product they are receiving is in Conformance with all relevant WGC Standards.

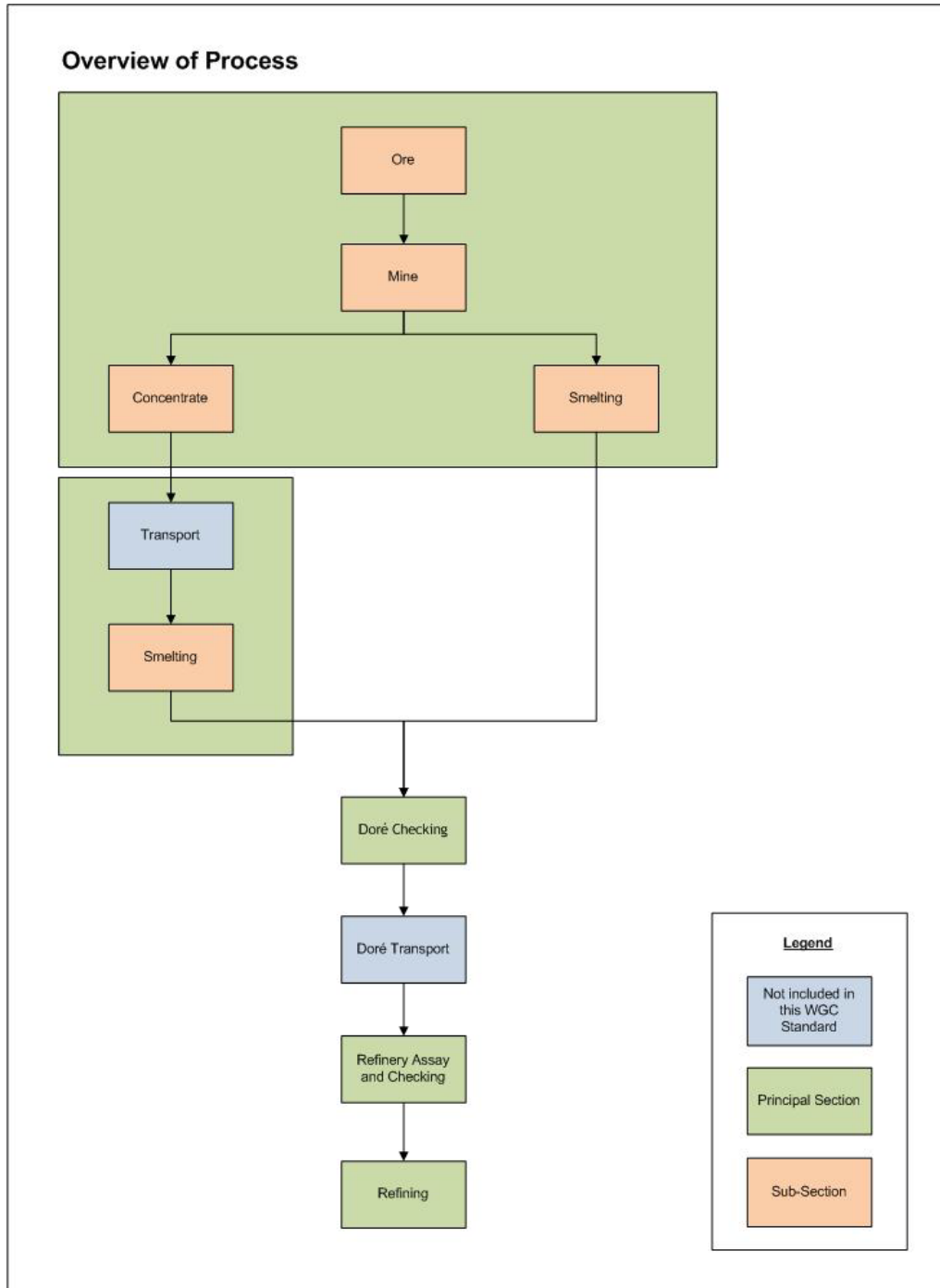
The certification can take one of two forms:

- Where the product is a gold bar of {*size*} or greater, the bar shall be imprinted with a physical stamp in line with the *WGC Standard – Labelling and Marketing*.
- All products, including those eligible for imprinting, shall be accompanied by a certificate of authenticity as set out in the *WGC Standard – Labelling and Marketing*.

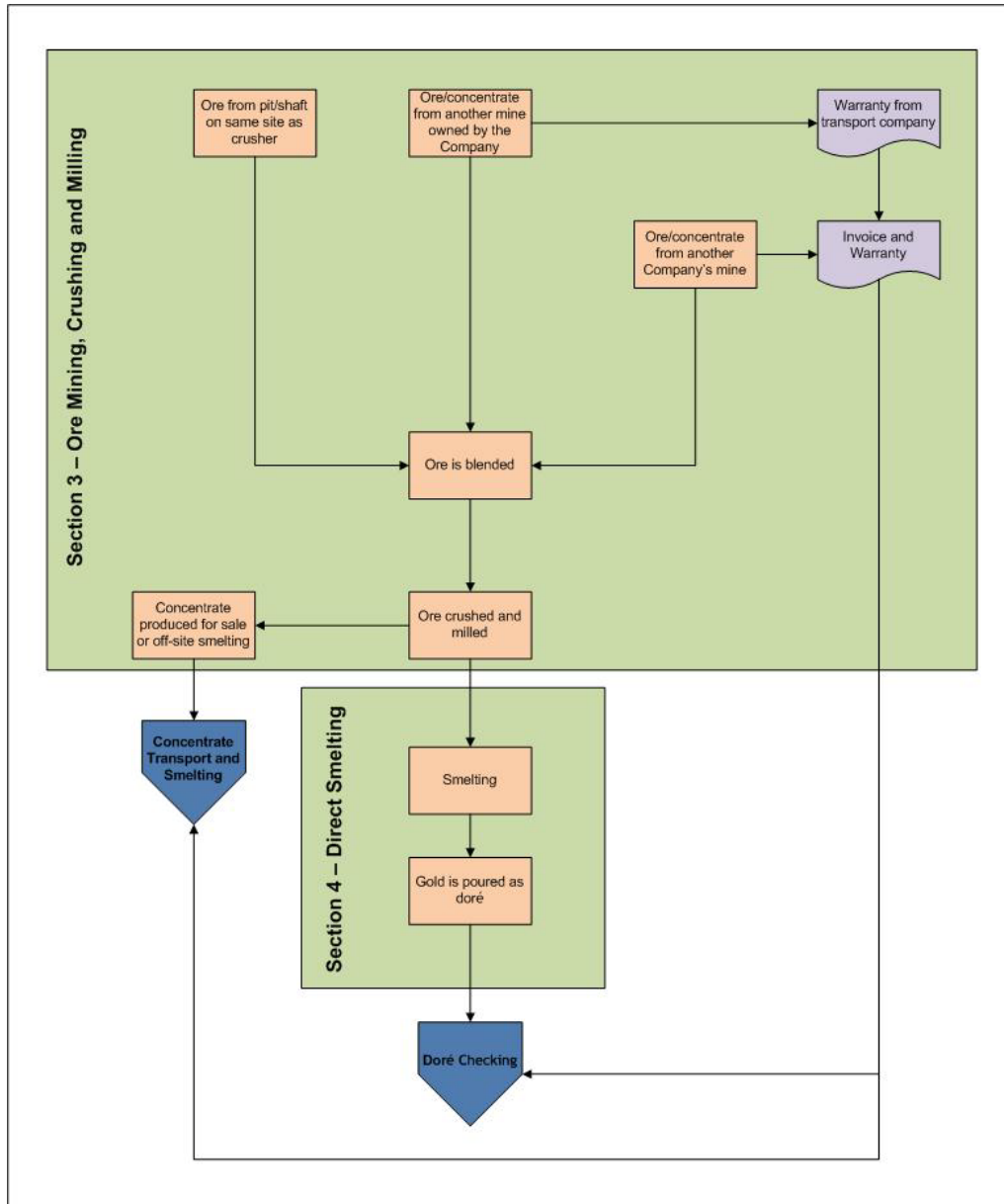
Under no circumstances should gold products produced without a Warranty outlined in Section 8.1 be certified through the *WGC Standard – Labelling and Marketing*.

## Annex A – Schematic Portrayal of Elements of the Chain of Custody

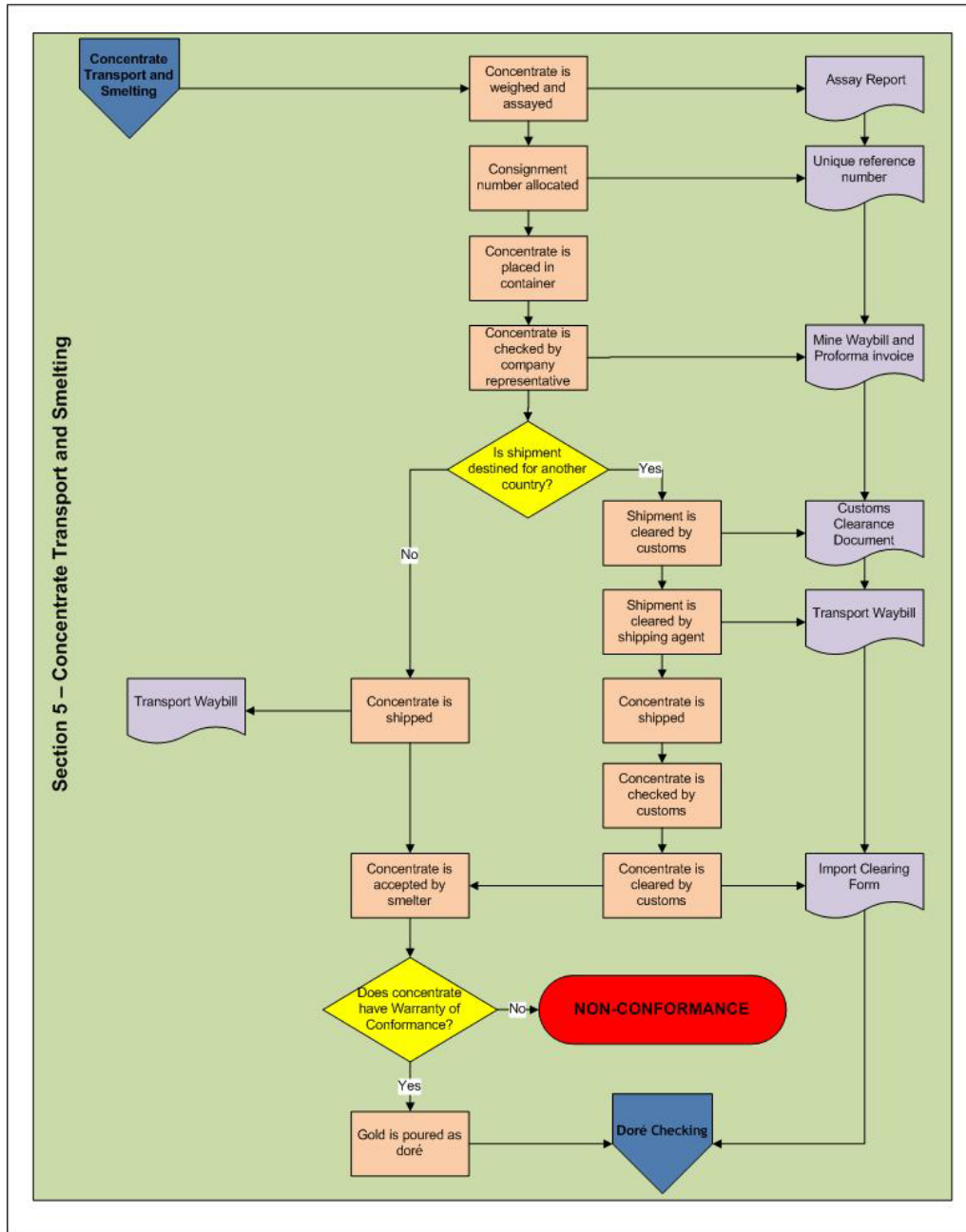
### WGC Standard – Chain of Custody



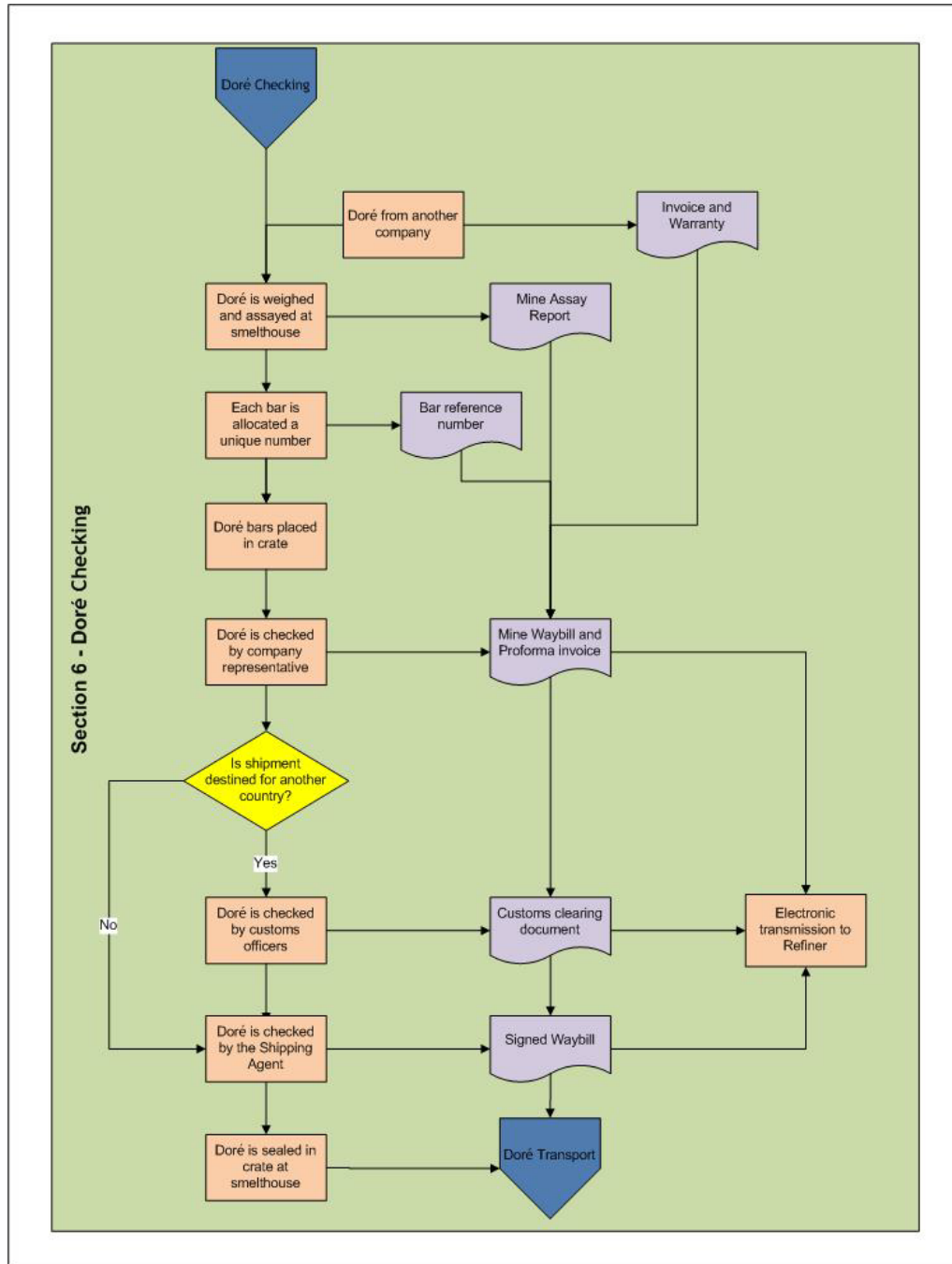
**WGC Standard – Chain of Custody**



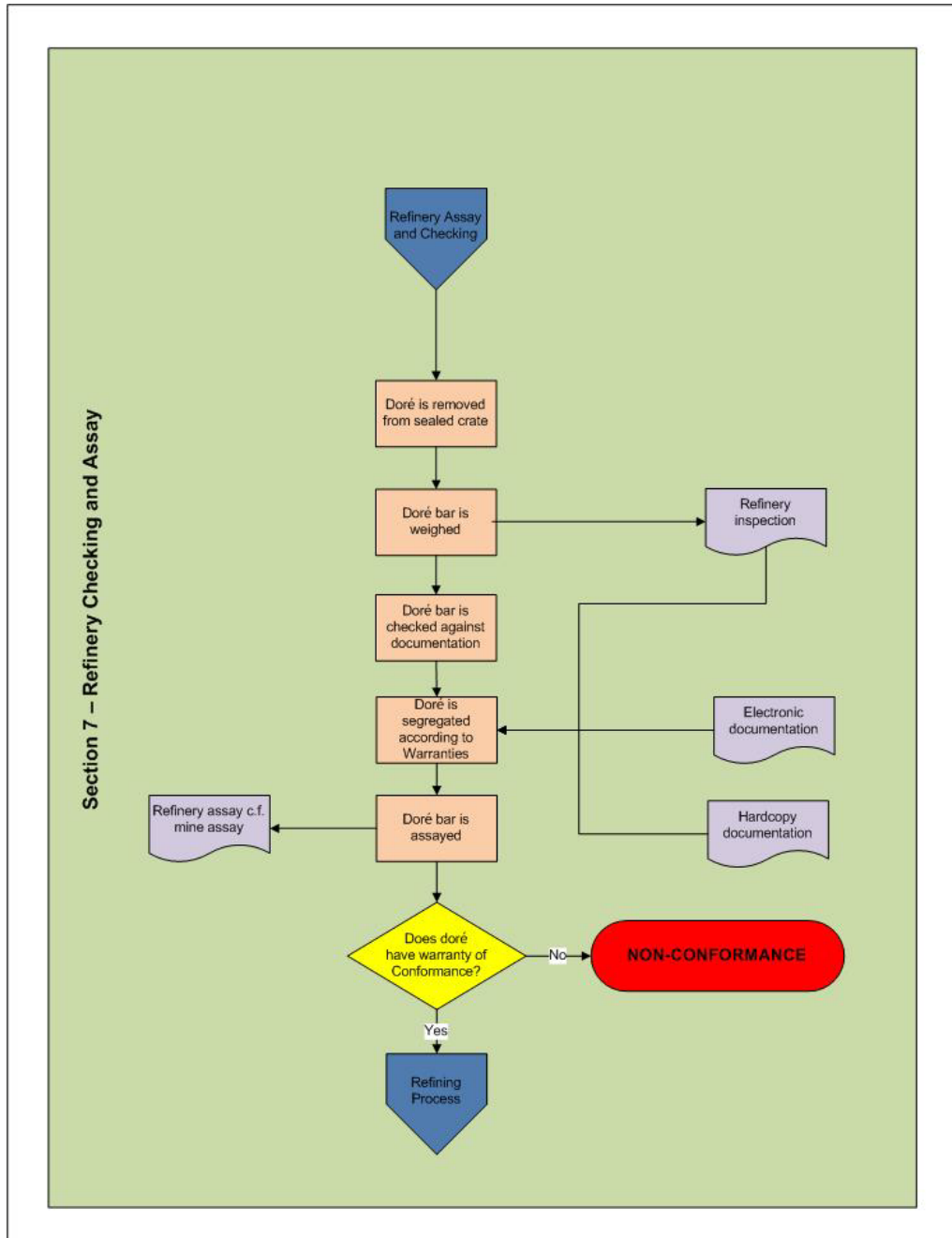
**WGC Standard – Chain of Custody**



**WGC Standard – Chain of Custody**



WGC Standard – Chain of Custody



**WGC Standard – Chain of Custody**

