



Advisory Report with regard to Anti-Money Laundering at Amazone Gold N.V.

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Introduction

Amazone Gold N.V.'s core activity is the local purchase of gold and subsequently the export of this gold to, among other areas, Europe. The strict compliance conditions from the local banks and Europe, especially in the field of KYC, to combat money laundering and terrorist financing, were the reason for carrying out this assignment.

In formulating the recommendations, the current practice in Suriname with regard to the regulation of the gold sector has always been taken into account. This means that the recommendations made by the international organizations, are not always incorporated in the advice due to the fact that the gold sector in Suriname does not support those activities for compliance with those recommendations. Therefore, we recommend that you periodically review your policy taking into account recent developments in the gold sector in Suriname.

The following regulations/recommendations were used for the formulation of advice:

1. Disclosure of Unusual Transactions Act
2. Compulsory Identification Act for Service Providers
3. Criminalization of Money Laundering Act
4. Criminalization of Terrorist Financing Act
5. Financial Action Task Force (FATF) recommendations
6. Organization for Economic Co-operation and Development (OECD) guidelines
7. London Bullion Market Association (LBMA) principles

We carried out the assignment through the following steps.

1. Desk research

Here the focus was on going through and understanding the national and international standards related to anti-money laundering, with an emphasis on companies in the gold sector. In addition, the organization of the gold sector in Suriname as well as the possible compliance requirements of local banks for companies with a profile like Amazone Gold N.V. were examined.

Based on this, a framework of all the requirements that Amazone Gold N.V. needs to meet was outlined.

2. AML policy

Based on the framework, it has been determined which requirements can be met by Amazone Gold N.V. after which these proposals have been incorporated into a proposed AML Policy. There are a number of requirements that cannot be met, due to the fact that they are beyond the control of Amazone Gold N.V.

3. Reporting

Based on the findings from the previous steps, the following is reported: (i) a proposal for AML Policy, (ii) a proposal for an onboarding form, (iii) a proposal for a supplier rating template and (iv) a proposal for a transaction form.

Framework Risk-Based Due Diligence

This chapter elaborates on the framework with regard to the KYC policy to be adopted. This framework is specifically based on the guidelines issued by the Organization for Economic Co-operation and Development, the London Bullion Market Association, the Financial Action Task Force and its translation into the Surinamese laws promulgated by the President of Suriname in The National Assembly.

De Organization for Economic Co-operation and Development (OECD)

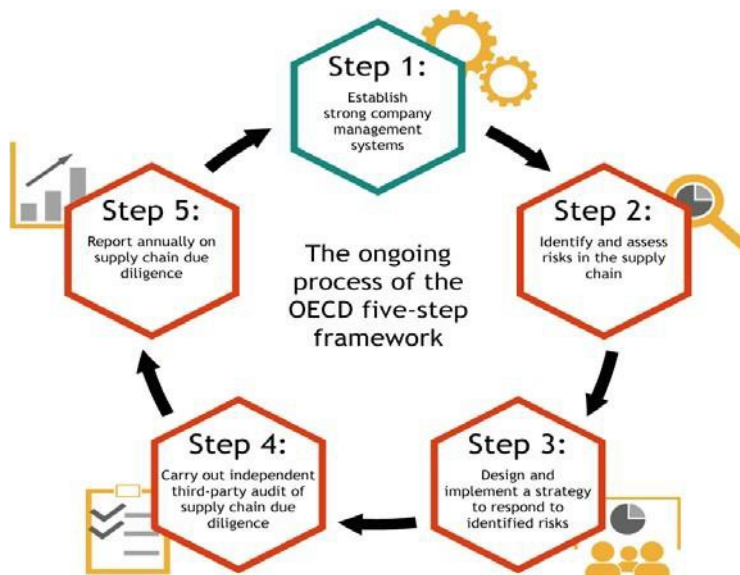
The OECD is an international organization whose purpose is to make policies that promote prosperity, equality, opportunity and well-being for all. Together with governments, policymakers and citizens, they work towards finding solutions to a range of social, economic and environmental challenges based on best practices. These range from improving economic performance and creating jobs to promoting good education and combating international tax evasion. They also provide a unique forum and knowledge center for data and analysis, exchange of experiences as well as sharing of best practices and advice for national policies and international standard setting.

In pursuit of its goals, the OECD has developed guidelines for compliance with responsible supply chains of minerals from conflict and high-risk areas. The goal is to help companies respect human rights and avoid contributing to conflict. The guidelines also intend to promote transparency in mineral supply chains as well as sustainable engagement of countries in the mineral sector enabling them to profit responsibly from their mineral resources and preventing their extraction and trade from being associated with, among other things, conflict, human rights violations and money laundering.

Given that the OECD guidelines focus on conflict and high-risk areas, it will first need to be determined whether Suriname falls within that category of countries. According to the OECD, conflict and high-risk areas are identified by the presence of armed conflict, widespread violence, or other risks of harm to people. High-risk areas can be those areas with political instability or repression, institutional weakness, unsafety, collapse of civilian infrastructure and violence. The conclusion we can draw from this is that Suriname belongs to a conflict and high-risk area mainly because of its institutional weaknesses. The institutions in Suriname do not operate in a manner which allows the adequate supervision and control of companies that trade in the gold sector especially the gold miners, buyers of raw gold and exporters thereof.

The 5-Step Framework for Risk Based Due Diligence in the Mineral Supply Chain, compiled by the OECD, is illustrated in Figure 1 and will be explained in Appendix 1. The explanation specifically relates to upstream companies¹ as Amazone Gold N.V. falls under this category. The English version of the explanatory note, as included in the publication OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas 3rd edition, is leading.

Figure 1. The 5-Step Framework for Risk Based Due Diligence in the Mineral Supply Chain



¹“Upstream- companies” include miners (small-scale or large-scale producers), local traders or exporters from the country of origin of minerals, international concentrate traders, mineral re-processors and smelters/refiners.

London Bullion Market Association (LBMA)

LBMA is the support center for the global over-the-counter (OTC) markets for precious metals. LBMA sets standards regarding the purity, form and origin of gold as well as how it is traded. Its mission is to ensure the highest level of leadership, integrity and transparency for the global precious metals industry by promoting standards and developing market solutions. In this context, they have presented principles in the publication "Global Precious Metals Code". These principles are largely reflected in the OECD framework. Explanations of the principles are shown in the following figure.

Ethics

Market participants are expected to conduct themselves in an ethical and professional manner to promote the fairness and integrity of the precious metals market.

Governance, Compliance and Risk Management

Participants in the gold market are expected to have an effective governance framework that shows their responsibilities, as well as provides an overview of their business activities and demonstrates how they contribute to promoting a responsible and transparent gold market. In addition, they are expected to have robust control and compliance policies in place for effectively managing and reporting risks related to their participation in the gold market.

Information Sharing

Market participants are expected to be clear and precise in their communications. Market participants are also expected to protect confidential information and promote effective communications that support a robust, fair, open, liquid, and transparent precious metals market.

Business Conduct

Participants in the precious metals market are expected to be clear and accurate in their communications, as well as handle information confidentially to promote effective communications for a fair, transparent, and liquid precious metals market.

Financial Action Task Force (FATF)

The FATF is the global watchdog for combating money laundering and terrorist financing. The intergovernmental institution sets international standards to prevent these illegal activities and the damage they cause to society. As a policy-making body, the FATF works towards creating the necessary political will to bring about national legislative and regulatory reforms in these areas. More than 200 countries and jurisdictions are committed to countering illicit activities by implementing the FATF recommendations. The FATF developed the FATF Recommendations, which provide a coordinated global response to prevent organized crime, corruption, and terrorism.

The FATF monitors countries to ensure that they fully and effectively implement the FATF standards and holds countries accountable that fail to do so. The FATF does not have a specific framework for risk-based due diligence. The FATF Recommendations are mostly for countries to incorporate into their legislation. However, there are specific "red flags" mentioned by FATF that can lead to identification of AML. These red flags and recommendations are mostly incorporated in the OECD guidelines.

Surinamese legislation

In 1998, Suriname joined the Caribbean Financial Action Task Force (CFATF), a sister organization of the Financial Action Task Force (FATF). These intergovernmental institutions set international standards to prevent illegal activities and the damage they cause to society. The FATF seeks to generate the necessary political will to reform national laws and regulations in these fields. In this regard, Suriname, as a member of the CFATF, has enacted several laws. For the purpose of this assignment, the laws "Disclosure of Unusual Transactions" and "Compulsory Identification of Service Providers" will be summarized as they contain concrete action points regarding KYC. For the summary, reference is made to Annex 2.

AML policy Amazone Gold N.V.

In this chapter, specific proposals will be made with regard to the AML policy to be pursued at Amazone Gold N.V. These proposals result from the framework set out in the previous chapter, where especially the practical implementation of the guidelines explained in the framework was examined, taking into account the degree of development of the gold sector in Suriname. It is specifically explained that the implementation of the OECD framework in the gold sector is a shared responsibility of the government and the companies in that sector. Since this is not yet the current practice in Suriname, the proposals for Amazone Gold N.V. are "tailor made" based on the framework. These proposals will be presented in the form of an AML Policy document, the implementation of which will be the responsibility of Amazone Gold N.V.

This policy also includes the requirements of the local banks, due to the fact that their requirements are derived from the Surinamese legislation. Depending on the risk rating that Amazone Gold N.V. receives in the AML process from the local bank as well as the risk policy of that bank, it is possible that the bank has additional requirements which are stricter than the Surinamese legislation and therefore are not mentioned in this proposal.

Due to the fact that the development of the gold sector in Suriname does not yet allow compliance with all the requirements as indicated by the OECD and LBMA, it is important that this policy is periodically evaluated and adjusted based on the developments of the gold sector in Suriname as well as the internal developments at Amazone Gold N.V.

AML Policy Amazone Gold N.V.

Introduction

This document will outline our proposed policy on anti-money laundering. The focus will initially be on the Know Your Customer (KYC) policy, after which, depending on the development of the gold sector in Suriname as well as other developments in Suriname and Amazone Gold N.V., the aspects involved will be expanded. For the development of this policy, use was made of Surinamese legislation, as well as guidelines from the OECD and LBMA in so far as these could be incorporated. The specific "red flags" that the FATF has published with respect to money laundering are also included.

This document applies to the entire organization. For the 1st line functions, it is about those officers performing the direct actions intended to counter money laundering while for the 2nd line functions it is mainly about assisting in determining the policy on money laundering, checking whether the 1st line officers comply with the policy and reporting directly to the director in this regard as well as supporting the 1st line officers in the execution of their work.

Objective

The objective of this document is to provide specific guidelines in order to implement a good and transparent KYC policy through which we contribute to, among others, making the money flows within the gold sector transparent.

We believe that by doing so we can set an example for other companies in the gold sector in Suriname and encourage them to organize their Accounting Procedures and Internal Control (AO/IB) in such a way that they can also contribute to the transparency of the financial flows within the gold sector and the gold trade in Suriname.

Policy statement

We will support efforts or take steps to contribute to the effective elimination of money laundering in the gold sector where we identify a reasonable risk of this happening.

Risk appetite

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines "risk appetite" as follows: *"The degree of risk, at a broad level, that an entity is willing to accept in pursuit of value. It reflects the entity's risk management philosophy and influences the culture and style of operation in the entity. The risk appetite determines the allocation of resources and helps the organization in focusing people and processes on designing the infrastructure needed to effectively respond to and monitor risks."* The risk appetite determined in this document is specifically focused on the operational parameters, which are derived from the overall risk appetite of Amazone Gold N.V. That means that the risk appetite is focused on the supplier profile as well as on the customer profile.

The objective in determining the risk appetite is in line with the objective of this policy, taking into account the company's objective of performing business activities in a responsible way in order to maximize value.

In order to achieve this objective, our risk appetite has been set at Medium. The rationale for this is twofold; (i) the organization of the gold sector in Suriname is not yet sufficiently focused on the prevention of money laundering and the other objectives of the OECD. This makes it difficult in practice for companies trading in gold in Suriname to meet all the requirements to establish the fullest possible supplier profile and to make a specific assessment of aspects related to the gold purchased, (ii) conducting business with a view to profit or value maximization means that the company must be prepared to take risks.

This means that Amazon Gold N.V. is only willing to enter into relationships with suppliers and buyers with a risk rating of Medium or Low.

KYC process

The KYC process is as follows



1. Identification

Before entering into a relationship with a supplier/customer, a complete profile is outlined. This profile is outlined based on the input obtained from the "onboarding form". Subsequently, this profile is periodically reviewed to determine the extent to which it has changed from the time of onboarding.

In addition, for each transaction carried out with a supplier, a "transaction form" is completed, again identifying the supplier as well as the origin of the gold.

Specifically, the following activities are carried out:

1. Providing and receiving an onboarding form from the supplier/customer, accompanied by the relevant underlying documents.
2. Providing and receiving the transaction form. Applicable only in case of the purchase of gold.

1. Analysis and Risk Rating

Based on the information obtained, the profile is analyzed or updated to come to a risk rating which determines whether a relationship should be entered into or continued and how that relationship should be maintained.

The risk rating is determined in accordance with the "supplier rating" template, where weighting factors are given to the specific criteria that are part of the supplier/customer profile. This template is also periodically evaluated, depending on the outcome of the evaluation at the previous step in the process.

In addition, for each gold transaction with a supplier, it is determined if the origin of the gold, fits within the supplier profile. In case of any deviation, an explanation is requested from the supplier. If it appears that the explanation is insufficient or indicates that the origin is from an illegal mine or money laundering, the transaction is not executed.

Specifically, the following activities are performed during the process of onboarding:

1. Completing the supplier rating template.
2. Analyzing the profile of the supplier/customer whereby the UN sanction list, OFAC Specially Designated Nationals Lists, and World-Check search are consulted, among others.
3. Entering the risk rating of the supplier/customer into the system.
4. Determining risk response activities.

Specifically, the following activities are performed for transactions:

1. Completion of a transaction form.
2. Determining if the transaction fits within the supplier profile. Further substantiation is requested and evaluated for each deviation. Based on this outcome, the transaction is executed.

Onboarding form supplier/ customer

1. Company information	
Name	
Address	
Telephone number	
Formation date	
License	Date of issue Expiration date
Country of establishment	
Affiliated party/parties <i>A person/entity that can exercise policy-making influence or significant influence on the financial and business policies of the other party.</i>	
Underlying documents	
1. Copy of an extract of the Chamber of Commerce and Industries, also of the affiliated party/parties, if applicable. 2. Copy of Articles of Incorporation/ Articles, also from the subsidiary, if applicable. 3. Copy of the license to buy/sell	

2. Company activities	
Type of company	Trade in precious metals <input type="checkbox"/> Trade in other type of metals, clarification <input type="checkbox"/>
Clarification of the core activities	
In which countries are the metals processed?	

3. Beneficial owners				
Shareholder(s) for more than 25%				
Percentage of share	Name	Address	Country of Establishment / Nationality/Nationalities	Incorporation Date / Date of Birth
Ultimate beneficial owners – individuals				
Shareholder(s) for more than 25%				
Percentage of share	Name	Address	Country of Establishment / Nationality/Nationalities	Incorporation Date / Date of Birth
1. Copy of a valid ID/Driving License/Passport of the UBOs				

4. Financial information			
	Currency	Book value last financial report	Book value previous report
Share capital			
Balance sheet total at the end of the previous financial year			
Total sales at the end of last year			
Net result at the end of the previous financial year			
Source of funding of the mining operation	Equity Capital <input type="checkbox"/> Bank financing <input type="checkbox"/> Other financing source		
Underlying documents <ol style="list-style-type: none"> Annual report, including an auditors' opinion. Financial statements prepared by an administrative office In-house prepared financial report Recent tax return form <p><i>In case of in-house prepared financial reports, you will enable Amazone Gold N.V. to test the correctness and completeness of the numbers independently. You will provide your full assistance in this regard.</i></p>			
Method for regular financial transactions (express in percentages)			
Bank%		Cash%	

5. Origin of physical precious metals, capacity and mining practices			
Name of the customer	Date of issue of the license/ letter of approval	Expiration date issued license/letter of approval	Geographical area (origin)

6. Material	
What type of precious metal does the company trade in?	
Gold <input type="checkbox"/>	Silver <input type="checkbox"/> Other <input type="checkbox"/>
The composition of the material that is traded	
Goud concentrate <input type="checkbox"/>	Other
Silver concentrate <input type="checkbox"/>	
Gold ore <input type="checkbox"/>	
Silver ore <input type="checkbox"/>	

7. Anti Money Laundering (AML) compliance	
Does your organization comply with the Disclosure of Unusual Transactions Act?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Does your organization comply with the Compulsory Identification Act for Service Providers?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Does your organization comply with the requirements of the Organization for Economic Cooperation and Development (OECD) in the context of AML?	Yes <input type="checkbox"/> No <input type="checkbox"/>

In order to meet the standards of the OECD, it is necessary that Amazone Gold N.V. has a complete picture of its customers. You enable Amazone Gold N.V. to request further information, to cooperate in obtaining this information, as well as to be allowed to make any observation within your company if they deem it necessary.

Supplier/ Customer.....

Date:.....

Transaction form

Name	
Customer #	
Date	
Type of precious metal	
Weight of the precious metal	
Form of the precious metal	
Sale value (in USD)	
The name of the company where the gold was purchased by the seller.
Upon purchasing the gold, you investigated whether the gold comes from a gold mine with a valid license.	Yes <input type="checkbox"/> No <input type="checkbox"/>
	Name of license holder:
	Date of issue:
	Date of expiration:

Initials of supplier:

Date:

Other information

In order to adequately implement the KYC policy, as part of the AML policy, it is necessary that it is incorporated into the AO/IB of the company. This means that a new function needs to be developed, which bears the responsibility of monitoring the implementation of this policy. AML officer could be the name of this function. The work of this officer is outlined in the KYC policy. This officer should be independent in his/her function and report directly to the Director. The independence is guarded by not involving the officer in the purchasing and selling process.

Due to the fact that Gold Amazone N.V. does not have adequate information from its suppliers, it is recommended to set up a trajectory of six months, working on completing the files of the suppliers and further implementing the KYC policy from there.

Annex 1. Explanatory note to 5 – step framework for Risk-Based Due Diligence in the Mineral Supply Chain

#	Explanatory note
1	<p>ESTABLISH STRONG COMPANY MANAGEMENT SYSTEMS</p> <p>A. Adopt and commit to a supply chain policy for identifying and managing risks for gold potentially from conflict-affected and high-risk areas. This policy, for all companies in the supply chain, should include:</p> <ol style="list-style-type: none"> 1. A policy commitment setting forth common principles and standards for responsible supply chains of gold from conflict-affected and high-risk areas, against which the company will assess itself and the activities and relationships of suppliers. 2. A clear and coherent management process to ensure risks are adequately managed. The company should commit to the due diligence steps and recommendations outlined for the various levels identified by the OECD. <p>B. Structure internal management systems to support supply chain due diligence. Companies in the supply chain should:</p> <ol style="list-style-type: none"> 1. Assign authority and responsibility to senior staff with the necessary competence, knowledge, and experience to oversee the supply chain due diligence process. 2. Ensure availability of resources necessary to support the operation and monitoring of these processes. 3. Put in place an organizational structure and communication processes that will ensure critical information, including the company policy, reaches relevant employees and suppliers. Training as appropriate should be carried out, and companies may consider training modules developed by Industry Programmes or Institutionalized Mechanisms. 4. Ensure internal accountability with respect to the implementation of the supply chain due diligence process. <p>C. Establish a system of transparency, information collection and control over the gold supply chain.</p> <ol style="list-style-type: none"> 1. Create internal documentation and records of supply chain due diligence processes, findings and resulting decisions. This will include Step 1 due diligence, as well as additional due diligence that may be carried out with regard to gold supply chains from conflict-affected and high-risk areas (Steps 2-5). 2. Maintain internal inventory and transaction documentation that can be retrieved and used to retrospectively identify gold inputs and outputs and/or support a chain-of-custody system (see Step 3 (B)). This should include: <ol style="list-style-type: none"> a) Information regarding the form, type and physical description of gold and gold-bearing materials, e.g. gold ore, gold concentrate, gold doré, alluvial gold, recyclable gold, gold bullion, jewelry manufacturing inputs and/or products, electronic components and gold plating solutions, etc. (see “Definitions” section of this Supplement). b) Information provided by the supplier regarding the weight and assay of gold and gold-bearing materials of input, and determinations of the weight and assay of gold inputs and outputs. c) Supplier details, including “know your counterparty” (“KYC”) due diligence information consistent with the 40 Recommendations of the Financial Action Task Force (FATF).

- d) Unique reference numbers for each input and output.
 - e) Dates of input and output purchases and sales.
 - 3. Make and receive payments for gold through official banking channels where they are reasonably available. Avoid cash purchases where possible and ensure that all unavoidable cash purchases are supported by verifiable documentation.
 - 4. Cooperate fully and transparently with law enforcement agencies regarding gold transactions. Provide customs officials with access to complete information regarding all shipments that cross international borders, or to which they otherwise have jurisdiction.
 - 5. Maintain the information collected above for a minimum of five years, preferably on a computerized database.
- D. Strengthen company engagement with suppliers. Companies in the supply chain should seek to influence their suppliers to commit to a supply chain policy consistent with Annex II and the due diligence processes in this Guidance. In order to do this, the company should:
- 1. Aim to establish long-term relationships with suppliers in order to build responsible sourcing relationships with them.
 - 2. Communicate to suppliers the expectations on due diligence for responsible supply chains of gold from conflict-affected and high-risk areas, consistent with Annex II of the Guidance and this Supplement. In particular, companies should communicate their expectation that their suppliers should determine a risk management strategy with respect to identified risks in the supply chain, consistent with Annex II of the Guidance.
 - 3. Incorporate the supply chain policy set out in this Guidance into commercial contracts and/or written agreements with suppliers which can be applied and monitored.
 - 4. Consider ways to support and build capabilities of suppliers to improve performance and conform to company supply chain policy.
 - 5. Commit to risk management, which may include designing measurable improvement plans with suppliers with the involvement, if relevant and where appropriate, of local and central governments, international organizations and civil society when pursuing risk mitigation.
- E. Establish a company and/or mine level grievance mechanism. Depending on their position in the supply chain companies should:
- 1. Develop an early warning risk awareness mechanism allowing any interested party (affected persons or whistle-blowers) to voice concerns regarding the circumstances of gold extraction, trade, handling and export in a conflict-affected or high-risk area. This will allow a company to be alerted of risks in its supply chain in addition to the company's own fact and risk assessments.
 - 2. Provide such a mechanism directly, or through collaborative arrangements with other companies or organizations such as an Industry Programme or Institutionalized Mechanism, or by facilitating recourse to an external expert or body (i.e. ombudsman).

2 IDENTIFY AND ASSESS RISKS IN THE SUPPLY CHAIN

- A. Determine Gold Origin. The assessment of risk in a supply chain begins with the origin of gold supply. Different origins have different risks and require different types of risk assessments (see Figure 1 – Risks in the supply chain of gold from conflict-affected and high-risk areas in the Introduction of the Supplement). All determinations of Gold Origin should be based on reasonable and good faith efforts of the company relying on evidence generated in Step 1 as well as additional first-hand evidence (collected through engagement with suppliers and desk research) and credible sources. Local gold exporters, international gold traders and refiners should assess and verify representations of suppliers with steps proportional to risk in order to make reasonable determinations of Gold Origin.
1. For Mined Gold, the origin is the mine itself, whether artisanal and small-scale mine or a medium or large-scale mine.
An exception to this is Mining Byproduct, such as gold obtained from the mining of copper, a mineral outside of the scope of this Guidance. The origin of Mining Byproduct gold should be deemed to be the point where trace gold is first separated from its original mineral ore (e.g. the refinery). The refiner’s due diligence should ensure that false representations are not made to hide the origin of newly mined gold through Mining Byproducts.
 2. For Recyclable Gold, the origin is the point at which it becomes recyclable (i.e. when the gold is collected for return into the gold industry to reclaim its metal value), such as when it is first sold back to a gold recycler/refiner. The point at which the gold becomes recyclable new origin as recyclable gold should be reviewed by a refiner’s due diligence, to exclude false representations made to hide the origin of newly mined gold.
 3. Grandfathered Stocks, if demonstrated by a “verifiable date” to have been created in their current form prior to 1 January 2012, do not require a determination of origin. Only the presence of the “supplier red flags” (see below) should trigger additional due diligence on suppliers to ensure that the trade and sale of Grandfathered Stocks does not contravene United Nations sanctions resolutions or enable money-laundering resulting from, or connected to, the sale of gold reserves in conflict-affected and high-risk areas.
- A. Identify Red Flags in the gold supply chain. Based on the information on Gold Origin, and information generated through Step 1 (including all “KYC” information on suppliers), companies should identify the presence of any of the following ‘red flags’ in a supply chain for mined, recyclable or existing stocks of gold:
- a) No red flags identified: If the local gold exporter, international gold trader or refiner can reasonably determine that these red flags do not arise in that supply chain, no additional due diligence is required for that supply chain. The management systems established in Step 1 should be maintained and regularly reviewed.
 - b) Red flags identified or information unknown: Any local gold exporter, international gold trader or refiner that identifies a red flag in its gold supply chain, or is unable to reasonably exclude one or more of these red flags from a gold supply chain, should proceed to Step 2 (C) below.

- B. Map the factual circumstances of the company's red flagged supply chain(s), under way and planned.
1. Undertake an in-depth review of the context of all red-flagged locations and the due diligence practices of any red flagged suppliers.
 - a) Review research reports including from governments, international organizations, NGOs, and media, maps, UN reports and UN Security Council sanctions, industry literature relating to mineral extraction, and its impact on conflict, human rights or environmental harm in the country of potential origin, or other public statements (e.g. from ethical pension funds).
 - b) Consult with a combination of local and central governments, local civil society organizations, community networks, UN peacekeeping units, and local suppliers. Respond to specific questions or requests for clarifications made by cooperating companies.
 - c) Determine (including through desk research; in-site visits to gold suppliers; random sample verification of purchase records proportional to risk; and a review and assessment of purchase and anti-money laundering and counter terrorist financing (AML-CFT) procedures and directives, if applicable) if upstream suppliers have policies and management systems that are consistent with this Guidance and that such policies and management systems are operative.
 2. FOR MINED GOLD, establish on-the-ground assessment teams. Local gold exporters, international gold traders or refiners with identified red flags remain in all circumstances individually responsible for ensuring that the information on the factual circumstances of the company's red flagged supply chain(s) is gathered. Local gold exporters, international gold traders or refiners with identified red flags in their supply chains should establish on-the-ground assessment teams to generate and maintain information on suppliers (if relevant) the circumstances of mineral extraction, trade, handling, refining and export. Upstream companies may establish such a team jointly in cooperation with other upstream companies supplying from, or operating in these areas, or via an industry or multi-stakeholder mechanism or initiative. Where 'joint' teams are not possible, or companies would prefer not to work jointly, companies should conduct on-the-ground assessments independently. Companies and other stakeholders establishing on-the-ground assessment teams should:
 - a) Consider the following factors when contributing to joint on-the-ground assessments: the size of the cooperating companies and the resources available to conduct due diligence; the ability to access on the ground information and the position of the company in the supply chain; the quality of any previously established on-the-ground assessment teams of other upstream companies, including gold producers; and the reliability of the company's due diligence, as demonstrated by crosschecking the data provided by the company on all gold inputs.
 - b) Ensure that assessors are independent from the activity being assessed and free from conflict of interests. Company assessors must commit to reporting truthfully and accurately and upholding the highest professional ethical standards and exercise "due professional care".
 - c) Ensure the appropriate level of competence, by employing experts with knowledge and skill in as many of the following areas: the operational contexts assessed (e.g. linguistic abilities, cultural sensitivities), the substance of conflict-related risks (e.g. the standards in Annex II, human rights, international humanitarian law, corruption, financial crime, conflict and financing parties to a conflict, transparency), the nature and form of the gold supply chain, and the standards and process contained in this due diligence Guidance.

- d) Provide assessment teams with access to mines, intermediaries, consolidators and/or transporters within the company's control or influence, including:
 - i. physical access to sites, including in other countries where transshipment or relabeling is likely.
 - ii. access to books, records, or other evidence of procurement practices, tax, fee and royalty payments, and export documentation.
 - iii. local logistics support and assistance.
 - iv. security for itself and for any information providers.
- e) Establish or support the creation, where appropriate, of community monitoring networks and/or multi-stakeholder information units to feed information into the assessment team. Review, and add to or create, if possible, interactive maps that indicate the location of mines, armed groups, trade routes, roadblocks and airfields.

3. FOR MINED GOLD, determine if the Mined Gold is LSM Gold or ASM Gold.

- a) For LSM Gold, cooperate with medium and large-scale gold producers to obtain evidence, where applicable to the position of the company in the supply chain, of the factual circumstances of gold extraction, trade, handling and export, which may include:
 - i) Location and identity by name of all gold mines for every output.
 - ii) Location of points where gold is processed, e.g., consolidated, blended, crushed, milled and smelted into gold doré or alluvial gold output.
 - iii) Methods of gold processing and transportation.
 - iv) Location of transportation routes, points where gold is traded, and points of export and import where borders are crossed (if applicable).
 - v) Current production and capacity of mine(s), a comparative analysis of mine capacity against recorded mine production if possible and record any discrepancies.
 - vi) Current processing production and processing capacity of mine smelt house(s), and a comparative analysis of processing capacity against recorded processing production if possible, and record of any discrepancies.
 - vii) Identification and "know your counterparty" information of all actors in the upstream supply chain, including, but not limited to, the gold producers, intermediaries, gold traders and exporters and re-exporters, as well as third party service providers handling the gold (e.g. logistics, processors and transportation companies) or providing security at mine sites and along transportation routes. The identification should comprise the following measures, but the extent to which such measures are carried out should be determined on a risk sensitive basis:
 - 1. identification of the ownership (including beneficial ownership) of the companies and corporate structure, including the names of corporate officers and directors);
 - 2. identification of the related businesses, subsidiaries, parents, affiliates;
 - 3. verification of the identity of the companies using reliable, independent source documents, data or information (e.g. business registers extract, certificate of incorporation);

4. checking government watchlist information (e.g. UN sanctions lists, OFAC Specially Designated Nationals Lists, World-Check search);
 5. identification of any affiliation of the company with the government, political parties, military, criminal networks or non-state armed groups, including any reported instances of affiliation with non-state armed groups and/or public or private security forces.
- viii) Operating licenses, e.g. mining, export.
 - ix) All taxes, fees or royalties paid to government related to the extraction, trade, transport and export of gold.
 - x) All payments or compensation made to government agencies and officials related to the extraction, trade, transport and export of gold.
 - xi) All payments made to public or private security forces or other armed groups at all points in the supply chain from extraction onwards, unless prohibited under applicable law.
 - xii) The security services provided at the mine sites, transportation routes and all points where gold is handled or processed.
 - xiii) The training of security personnel, and the conformity of that training with the Voluntary Principles on Security and Human Rights.
 - xiv) Screening and security risks assessments of all security personnel in accordance with the Voluntary Principles on Security and Human Rights.
 - xv) Militarization of mine sites, transportation routes and points where gold is traded and exported.
 - xvi) Evidence of any serious abuses (torture, cruel, inhuman, and degrading treatment, forced or compulsory labor, the worst forms of child labor, gross human rights violations, war crimes, or other serious violations of international humanitarian law, crimes against humanity or genocide) committed by any party in mines, transportation routes and points where gold is traded and/or processed.
 - xvii) Information on any direct or indirect support to non-state armed groups or public or private security forces (see Definitions).
 - xviii) If relevant, the number and name of sites where artisanal and small-scale miners operate on the gold producers concession, and an estimate of the number of miners and an assessment of whether they can be considered to be involved in Legitimate Artisanal and Small-Scale Mining (see Definitions).
 - xix) If relevant, instances of conflict or tensions in the relationship between medium and large-scale miners and artisanal and small-scale miners.
 - xx) If relevant, any instances, reports or suspicions that ASM gold, or gold from other sources, is being unknowingly introduced into gold producer's processing operations (e.g. the mine smelt house), and/or fraudulently represented as being mined by the gold producer.
- b) For ASM Gold, obtain evidence of the factual circumstances of gold extraction, trade, handling, and export. Companies should complement the steps they are taking to progressively collect the following information by referring to Step 3(C) and the Appendix to assist and enable artisanal and small-scale miners to build secure, transparent, and verifiable gold supply chains:

- i) Identification of the suppliers of ASM Gold to the local gold exporter using reliable, independent source documents, data or information; any information on the government, political or military affiliations of those suppliers including in particular any reported instances of affiliation with non-state armed groups and/or public or private security forces; and the geographic sourcing area those suppliers.
- ii) The mine(s) of origin, the transportation routes and points where gold is traded.
- iii) The artisanal mining team or association, and an assessment of whether they can be considered to be involved in Legitimate Artisanal and Small-Scale Mining (see Definitions).
- iv) The methods of gold processing and transportation.
- v) Taxes, royalties, and fees paid to government institutions and officials on export.
- vi) Identification and “know your counterparty” information (where applicable) of the gold exporter and all actors in the supply chain from the gold exporter to the refiner, including international gold traders and all third-party service providers handling the gold (e.g. logistics, processors, and transportation companies) or providing security at mine sites and along transportation routes. The identification should comprise the following measures, but the extent to which such measures are carried out should be determined on a risk sensitive basis:
1. identification of the ownership (including beneficial ownership) and corporate structure, including the names of corporate officers and directors);
 2. identification of the related businesses, subsidiaries, parents, affiliates;
 3. verification of the identity of the companies using reliable, independent source documents, data or information (e.g. business registers, extract, certificate of incorporation);
 4. checking government watchlist information (e.g. UN sanctions lists, OFAC Specially Designated Nationals Lists, World-Check search);
 5. identification of any affiliation of the company with the government, political parties, military, criminal networks or non-state armed groups, including in particular any reported instances of affiliation with non-state armed groups and/or public or private security forces.
- vii) Militarization of mine sites, transportation routes and points where gold is traded and exported.
- viii) Evidence of any serious abuses (torture, cruel, inhuman and degrading treatment, forced or compulsory labor, the worst forms of child labor, gross human rights violations, war crimes, or other serious violations of international humanitarian law, crimes against humanity or genocide) committed by any party in mines, transportation routes and points where gold is traded and/or processed.
- ix) Information on any direct or indirect support to non-state armed groups or public or private security forces through the extraction, transport, trade, handling or export of gold (see Definitions).

	<p>x) Any instances, reports or suspicions that gold from other sources is being unknowingly introduced into the gold supply chain, and/or fraudulently represented.</p> <p>xi) If relevant, instances of conflict or tensions in the relationship between medium and large-scale miners and artisanal and small-scale miners.</p> <p>C. Assess risks in the supply chain. Assess the information collected and learned through mapping the factual circumstances of the company's red flagged supply chain(s). The company should consider a "risk" any reasonable inconsistency between the information obtained and the following:</p> <ol style="list-style-type: none"> 1. The standards of the company supply chain policy, 2. The due diligence standards and processes contained in this Guidance. 3. National laws of the countries where the company is domiciled or publicly traded (if applicable); of the countries from which the gold is likely to originate; and of transit or re-export countries. 4. Legal instruments governing company operations and business relations, such as financing agreements, contractor agreements, and supplier agreements. 5. Other relevant international instruments, such as the OECD Guidelines for Multinational Enterprises, international human rights and humanitarian law and international anti-money laundering recommendations and guidance.
3	<p>DESIGN AND IMPLEMENT A STRATEGY TO RESPOND TO IDENTIFIED RISKS</p> <p>A. Report findings to designated senior management, outlining the information gathered and the actual and potential risks identified in the supply chain risk assessment.</p> <p>B. Enhance engagement with suppliers and the internal systems of transparency, information collection and control over the gold supply chain from Step 1(C). Upstream companies should:</p> <ol style="list-style-type: none"> 1. Establish a chain of custody and/or traceability system that collects and maintains disaggregated information outlined in Step 2, Section I and II, (C) for all gold input and output from a red flagged supply chain. 2. Enhance physical security practices as appropriate to the circumstances (e.g. security of transport, sealing in tamper-proof containers, etc.) over any discrepancies noted in mine production and capacity, processing production and capacity, or information provided by suppliers on gold shipments. 3. Physically segregate and secure any shipment for which there is an identified risk of association with conflict and serious abuses of human rights. 4. Incorporate the right to conduct unannounced spot-checks on suppliers and have access to their relevant documentation into commercial contracts and/or written agreements with suppliers which can be applied and monitored.

5. For every gold input, share the following information gained and maintained by the assessment team throughout the upstream supply chain:
 - a) the mine of origin, with the greatest possible specificity.
 - a) locations where gold or gold-bearing material is consolidated, blended, crushed, milled, smelted and refined.
 - b) the method of extraction (artisanal and small-scale or medium and large-scale mining), and dates of concentrating, smelting and refining.
 - c) the weight and assayed quality characteristics.
 - d) the identity of all suppliers and relevant service providers handling the gold in the upstream supply chain from the mine of origin until the refiner; the ownership (including beneficial ownership); the corporate structure including the names of corporate officers and directors; the business, government, political or military affiliations of those companies and officers within conflict-affected and high-risk areas.
 - e) all taxes, fees or royalties paid to government related to the extraction, trade, transport and export of gold.
 - f) all payments or compensation made to government agencies and officials related to the extraction, trade, transport and export of gold.
 - g) all payments made to public or private security forces or other armed groups at all points in the supply chain from extraction onwards, unless prohibited under applicable law.
 - h) how gold is transported and processes in place to ensure integrity, with due regard taken of security concerns.
 6. For refiners, make information generated through due diligence processes available to auditors for purposes of compliance with Industry Programmes or Institutionalized Mechanisms, regional or global, once in place with the mandate to collect and process information on gold from conflict-affected and high-risk areas. Where no such programme or mechanism exists, make relevant information available to downstream purchasers.
- C. Devise and adopt a risk management plan. Companies should adopt a supply chain risk management plan that outlines the company responses to risks identified in Step 2 in conformity to Annex II of the Guidance. Companies may manage risk by either i) continuing trade throughout the course of measurable risk mitigation efforts; ii) temporarily suspending trade while pursuing ongoing measurable risk mitigation; or iii) disengaging with a supplier in cases where mitigation appears not feasible or unacceptable. To determine and devise a risk management strategy, companies should:
1. Review the model supply chain policy on gold from conflict-affected and high-risk areas in Annex II of the Guidance to determine whether the identified risks should be mitigated by continuing, suspending or terminating the relationship with suppliers.
 2. Manage risks that do not require termination of the relationship with a supplier through measurable risk mitigation. Measurable risk mitigation should aim to promote significant and measurable improvement within six months from the adoption of the risk management plan. In devising a strategy for risk mitigation, companies should:
 - a) Build and/or exercise leverage over the actors in the supply chain who can most effectively and most directly mitigate the risks of contributing to conflict. Upstream companies already may have actual or potential leverage over other upstream actors in the supply chain. Upstream companies should find ways to constructively engage with suppliers and relevant stakeholders and demonstrate

	<p>significant and measurable improvement towards eliminating the risk within six months from the adoption of the risk management plan.</p> <p>a) Consult with suppliers and affected stakeholders and agree on the strategy for measurable risk mitigation in the risk management plan. Measurable risk mitigation should be adjusted to the company's specific suppliers and the contexts of their operations, state clear performance objectives within six months from the adoption of the risk management plan and include qualitative and/or quantitative indicators to measure improvement. Companies should ensure sufficient time for affected stakeholders to review the risk assessment and management plan and respond to and take due account of questions, concerns and alternative suggestions for risk management.</p> <p>b) Engage in or support, where appropriate, Industry Programmes or Institutionalised Mechanisms on responsible supply chain management while ensuring that these initiatives take due account of their social and economic effects on developing countries and of existing internationally recognized standards.</p> <p>i. All gold producers with red flagged operations as well as other upstream companies sourcing ASM Gold should assist and enable Legitimate Artisanal and Small-Scale Mining producers (see Definitions) from whom they source to build secure, transparent and verifiable gold supply chains, consistent with the Appendix.</p> <p>ii. All other gold producers with red flagged operations as well as other upstream companies are encouraged to support the suggested measures contained in the Appendix.</p> <p>D. Implement the risk management plan, monitor and track performance of risk mitigation, report back to designated senior management and consider suspending or discontinuing engagement with a supplier after failed attempts at mitigation, in conformity with the recommended risk management strategies companies should implement, monitor and track performance of risk mitigation in cooperation and/or consultation with local and central authorities, upstream companies, international or civil society organizations and affected third parties as appropriate. Upstream companies may wish to establish or support the creation of community monitoring networks to monitor or track performance of risk mitigation.</p> <p>E. Undertake additional fact and risk assessments for risks requiring mitigation, or after a change of circumstances. Supply chain due diligence is a dynamic process and requires on-going risk monitoring. After implementing a risk mitigation strategy, companies should repeat Step 2 to ensure effective management of risk. Additionally, any change in the company's supply chain may require some steps to be repeated in order to prevent or mitigate adverse impacts.</p>
4	<p>CARRY OUT INDEPENDENT THIRD-PARTY AUDIT OF REFINER'S DUE DILIGENCE PRACTICES</p> <p>A. Plan an independent third-party audit to verify the implementation of refiner's due diligence practices for responsible supply chains of gold from conflict-affected and high-risk areas. The audit should include the following audit scope, criteria, principles and activities.</p> <p>1. The scope of the audit: The audit scope should include all activities, processes and systems used by the refiner to implement supply chain due diligence of gold from conflict-affected and high-risk areas. This includes, but is not limited to, relevant policies and procedures, refiner controls over the gold supply chain, communications with actors in the gold supply chain, the information disclosed to downstream companies on</p>

suppliers, chain of custody and other traceability information, refiner risk assessments including the on-the-ground research, and refiner strategies for risk management.

2. The audit criteria: The audit should determine the conformity of the implementation of refiner's due diligence practices against an audit standard that is based on this Guidance.
3. The audit principles:
 - a) Independence: To preserve neutrality and impartiality of audits, the audit organization and all audit team members ("auditors") must be independent from the refiner as well as from the refiner's subsidiaries, licensees, contractors, suppliers and companies cooperating in the joint audit. This means, in particular, that auditors must not have conflicts of interests with the auditee including business or financial relationships with the auditee (in the form of equity holdings, debt, securities), nor have provided services for the auditee company related to the design, establishment or implementation of the refiner's due diligence practices and/or that of the supply chain actors assessed therein, within a 24-month period prior to the audit.
 - b) Competence: Auditors must have the personal attributes as well as scope specific competencies necessary to complete the third-party audit. Companies may consult internationally recognized auditing standards for detailed requirements on auditor competence when establishing new or revising pre-existing audit standards. Personal attributes should include, but are not limited to integrity, objectivity, confidentiality, open-mindedness, and professionalism. Scope specific competencies include, but are not limited to:
 - i) Auditing principles, procedures, and techniques.
 - ii) Supply chain due diligence principles, procedures, and techniques.
 - iii) Gold procurement practices and gold supply chains.
 - iv) The social, cultural, and historical contexts of the conflict-affected areas of gold origin or transport, including relevant linguistic abilities and culturally appropriate sensitivities for conducting audits.
 - v) The OECD Guidance and Gold Supplement, including the model supply chain policy on minerals from conflict-affected and high-risk areas.
 - c) Accountability: An Industry Programmes or Institutionalized Mechanism should periodically review and monitor the ability of the auditors to carry out the audit in conformity with an audit programme, based on the objectives, scope and criteria of the audit, judged against audit programme records.
4. The audit activities:
 - a) Audit preparation: The objectives, scope, language and criteria for the audit should be clearly communicated to the auditors with any ambiguities clarified between the auditee and auditors before the initiation of the audit. The auditors should determine the feasibility of the audit based on the availability of time, resources, information and cooperation of relevant parties.
 - b) In-site investigations: Before beginning the in-site investigations, auditors should prepare an audit plan, and all working documents. Auditors should gather further evidence and verify information by conducting relevant interviews (including interviews with management, as well as the assessment teams); making observations; and reviewing documents (see below).

	<p>In-site investigations should include:</p> <ol style="list-style-type: none"> i. The refiner facilities and sites where the refiner carries out due diligence for responsible supply chains of gold from conflict-affected and high-risk areas. ii. A sample of the refiner’s suppliers (including gold producers, local exporters, international gold traders, and recyclers) as may be required in accordance with the audit standard. iii. Consultations with the assessment team(s) which may be carried out remotely, to review the standards and methods for generating verifiable, reliable and up-to-date information. iv. Consultations with relevant local and central governmental authorities, and where they exist, UN expert groups, UN peacekeeping missions and local civil society, as determined by the auditor to be appropriate to the circumstances and risks identified in the gold supply chain. <p>c) Document review: Samples of all documentation produced as part of the refiner’s supply chain due diligence practices for gold from conflict affected areas should be reviewed “to determine the conformity of the system, as documented, with audit criteria.” This includes, but is not limited to, documentation on supply chain internal controls (a sample of chain of custody documentation, payment records), relevant communications and contractual provisions with suppliers, documentation of information disclosed to downstream companies, evidence from the refiner’s risk assessments (including all records on business partners and suppliers, interviews and on-the-ground assessments), and any documents on risk management strategies (e.g. agreements with suppliers on improvement indicators). Documentation should be sampled randomly by the auditors during the in-site investigation. Sample chosen should take into account risks associated with suppliers and/or gold supply chains; peak and non-peak periods of the year; and volumes of material sourced from each supplier. Documentation reviewed should include samples from each supplier as well as increase with the level of risk associated with business partners, suppliers or countries of origin of gold. Sample sizes should be increased if the auditor identifies concerns related to the refiner’s due diligence measures.</p> <p>d) Audit Conclusions: Auditors should generate findings that determine, based on the evidence gathered, the conformity of the refiner’s due diligence practices for responsible supply chains of gold from conflict affected and high-risk areas with the audit standard that is consistent with the recommendations of this section of the Guidance. Auditors should make recommendations in the audit report for the refiner to improve their due diligence practices Auditors should also prepare an audit summary report for publication in accordance with Step 5.</p> <p>B. Implement the audit in accordance with the audit scope, criteria, principles and activities set out above. All actors in the supply chain should cooperate to ensure that the auditing is carried out in accordance with audit scope, criteria, principles and activities listed above. It is recommended that they do so through Industry Programmes or Institutionalized Mechanisms to carry out some or all of the following activities:</p> <ol style="list-style-type: none"> 1. Draft Audit Standards in accordance with the recommendations of this Guidance. 2. Accredite auditors.
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	<ol style="list-style-type: none"> 3. Oversee the audit programme, including a periodical review and monitoring of the ability of the auditors to carry out the audit in conformity with the audit programme; 4. Publish summary audit reports of refiners with due regard taken of business confidentiality and other competitive or security concerns. A summary audit report should include: <ol style="list-style-type: none"> a) Refiner details, the date of the audit and the audit period. b) The audit activities and methodology c) The audit conclusions as defined in Step 4(A)(4), as they relate to each step in this Guidance 5. SPECIFIC RECOMMENDATIONS – For all upstream companies <ol style="list-style-type: none"> a) Allow access to company sites and relevant documentation and records of supply chain due diligence practices, in accordance with this Guidance. b) Facilitate contact and logistics with transporters and suppliers selected by the audit team, and any consultations with stakeholders identified by the auditor. c) If on-site visits of suppliers are required, facilitate contact and logistics.
5	<p>REPORT ANNUALLY ON SUPPLY CHAIN DUE DILIGENCE</p> <p>A. Annually report or integrate into annual sustainability or corporate responsibility reports, additional information on due diligence for responsible supply chains of gold from conflict-affected and high-risk areas, with due regard taken of business confidentiality and other competitive or security concerns</p> <ol style="list-style-type: none"> 1. Company Management Systems: Report on steps taken to implement Step 1. Included in such reporting companies should set out the company’s supply chain due diligence policy; explain the management structure responsible for the company’s due diligence and who in the company is directly responsible; describe the internal systems of transparency, information collection and control over the gold supply chain from Step 1(C) and Step 3(B), explaining how this operates and how it has strengthened the company’s due diligence efforts in the reporting period covered; describe the company’s database and record keeping system and explain the methods for identifying all suppliers, down to the mine of origin and the methods for sharing the information about due diligence throughout the supply chain; disclose information on payments made to governments in line with EITI criteria and principles (where relevant). 2. Company risk assessment in the supply chain: Report on steps taken to implement Step 2. Included in such reporting, companies should explain how the company identified red flag operations or red flags in their supply chain, including the verifications of supplier representations proportional to risk; describe the red flags identified in the gold supply chain; describe the steps taken to map the factual circumstances of those red flag operations and red flagged supply chains; outline the methodology, practices and information yielded by the on-the-ground assessment team, including whether and how the company collaborated with other upstream companies, and how the company ensured that

all joint work duly takes into consideration circumstances specific to the individual company; disclose the actual or potential risks identified. For the sake of clarity, companies should not report risks identified for potential suppliers with whom they have not done any business.

3. Risk management: Report on steps taken to implement Step 3. Included in such reporting, companies should describe how company internal control systems, such as chain of custody or traceability systems, have been strengthened to collect and maintain reliable up-to-date information on red flagged gold supply chains; describe the steps taken to manage risks, including a summary of the strategy for risk mitigation in the risk management plan, and capability-training, if any, and the involvement of affected stakeholders; disclose the efforts made by the company to monitor and track performance for risk mitigation and all the instances and results of follow-up after 6 months to evaluate significant and measurable improvement. Disclose the number of instances where the company has decided to disengage with suppliers and/or supply chains, consistent with Annex II, without disclosing the identity of those suppliers, except where the company deems it acceptable to do so in accordance with applicable laws. Companies should aim to report all instances of disengagement to relevant international and national investigative bodies and/or law enforcement authorities, having regard for the potential harmful effects of that reporting, and in accordance with applicable laws.

Specific recommendations

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| 1 | <p>For local exporters, recyclers and international traders of Mined Gold and Recyclable Gold:</p> <ol style="list-style-type: none">1. Assign unique internal reference numbers to all inputs and outputs, by bar, ingot and/or batch of gold accepted and produced, and affix and/or imprint that reference number on all outputs in such a manner that its tampering or removal will be evident.2. Coordinate and support physical security practices used by other upstream companies. Promptly report any indications of tampering with shipments and unseal and open shipments only by authorized personnel.3. Preliminarily inspect all shipments for conformity to the information provided by the supplier on the types of gold, such as alluvial gold, gold doré, unprocessed recyclable gold or melted recyclable gold. Verify weight and quality information provided by the gold producer and/or shipper and make a business record of such verification. Report any inconsistency between initial inspection of a shipment and information provided by the shipper promptly to internal security and those responsible in the company for due diligence, with no further action taken until the inconsistency is resolved.4. Physically segregate and secure any shipment for which there is an unresolved inconsistency.5. Seek to deal directly with legitimate artisanal and small-scale gold producers or their representatives where possible in order to exclude gold offered by persons that exploit them. |
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Annex 2. Summary of Surinamese legislation

#	Explanatory Note to the Disclosure of Unusual Transactions Act (MOT)
1	<p>Disclosure obligations of service providers of unusual transactions:</p> <ol style="list-style-type: none"> 1. Credit, securities and investment institutions 2. Life insurance companies 3. Exchange offices 4. Money transfer offices 5. Notaries, brokers, accountants, administrative offices and lawyers 6. Traders in gold, other precious metals and gemstones 7. Traders in motor vehicles 8. Providers of games of chance
2	<p>Reports related to unusual transactions to the FIU, are compiled based on objective and subjective indicators. For traders in gold, these indicators are as follows:</p> <p>Objective indicators</p> <ol style="list-style-type: none"> 1. Transactions that are reported to the police or judiciary in connection with a possible violation of the Criminalization of Money Laundering Act and the Criminalization of Terrorist Crimes Act and their financing. 2. Transactions involving precious stones 3. Precious metals, jewelry or jewels are sold for full or partial cash payment, where the amount to be paid in cash has a value of \$10, 000-, or more. <p>Subjective Indicators</p> <ol style="list-style-type: none"> 1. Transactions where there is reason to believe that they may be related to money laundering or terrorist financing.
3	<p>The report of unusual transactions shall include, at a minimum, the following:</p> <ol style="list-style-type: none"> 1. the identity of the client 2. the nature and number of the identity document; 3. the nature, time and place of the transaction; 4. the volume, destination and origin of the funds, securities, precious metals or other values involved in a transaction; 5. the circumstances on the basis of which the transaction is considered unusual; 6. if it concerns a transaction carried out at traders in gold, other precious metals and precious stones and trader in motor vehicles, a description of the gold, precious metals, precious stones and motor vehicles concerned; 7. the indicator or indicators by which the transaction has been designated as unusual. <p>For further details regarding this, please refer to the FIU's reporting format.</p>

4	<p>Service providers are required to retain all relevant documents concerning national and international transactions for at least seven years from the time the business relationship ended or the transaction in question was carried out.</p> <p>a. of natural persons:</p> <ol style="list-style-type: none"> 1. the surname, first names, date and place of birth, address and residence or place of business of the supplier and the beneficial owner, as well as of the person acting on behalf of that natural person, or a copy of the document containing a person identification number on the basis of which the identification has been made; 2. the nature, number, date and place of issue of the document by means of which the identity has been verified 3. the nature, time, place and date of the transaction; 4. the type and quantity of currency involved in the transaction; 5. the type and number of the account used in the transaction; 6. all account statements and business correspondence. <p>b. of legal persons established under Surinamese law:</p> <ol style="list-style-type: none"> 1. the legal form, the name under the articles of association, the trading name, the address and, if the legal person is registered with the Chamber of Commerce and Industry, the registration number with the Chamber of Commerce and Industry, and the manner in which the identity has been verified 2. of those acting on behalf of the legal person and of the beneficial owner, the surname, first names and date of birth; 3. the data referred to in part a, 3° through 6°. <p>c. of foreign legal persons and similar entities:</p> <ol style="list-style-type: none"> 1. the documents used to verify the identity; 2. of the persons acting on behalf of the legal person and of the beneficial owner, the family name, first names and date of birth 3. the data referred to in part a at 3 through 6.
Explanatory note to the Compulsory Identification of Service Providers Act	
1	<p>This law defines "non -financial services" as follows; the trading in or from Suriname in gold and other precious metals and gems, by a natural person, a legal person or a company that trades professionally or commercially in precious metals, gems and jewels, involving financial transactions equal to or exceeding the amounts determined in the Unusual Transactions Indicators Decree.</p> <p>In order to prevent and combat money laundering and the financing of terrorism, service providers shall conduct a customer due diligence process which shall include at least the following:</p> <ol style="list-style-type: none"> 1. identification of the client and verification of his identity, 2. if applicable, the identification of the beneficial owner and the taking of reasonable measures to verify his identity in such a way that the service provider is satisfied as to the identity of the beneficial owner 3. determination of the purpose and intended nature of the business relationship;

4. performance of ongoing monitoring of the business relationship and the transactions carried out during the term of this relationship, to ensure that they correspond to the service provider's knowledge of the client and the beneficial owner, of their risk profiles, with, where appropriate, an examination of the source of the assets involved in the transaction or business relationship.

A service provider shall perform the customer due diligence in the following cases:

1. if it enters into a business relationship in or from Suriname;
2. if they carry out an occasional transaction in or from Suriname for the benefit of the customer with a value as determined in the Unusual Transactions Indicators Decree, or if two or more transactions have any connection with a joint value as determined in the Unusual Transactions Indicators Decree
3. if there are indications that the client is involved in money laundering or the financing of terrorism
4. if it has doubts about the reliability of information obtained earlier from the client
5. if the risk of involvement of an existing customer in money laundering or the financing of terrorism gives cause to do so.