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The Netherlands

Public Eye  
Marc Guéniat  
Avenue Charles-Dickens 4  
1006 Lausanne

Balerna, 15 November 2016

#### **Valcambi statement of 26 November 2015 on reports by Public Eye and SOMO**

Dear Mrs. Schipper and Mr. Guéniat,

With reference to your letter of 12 September 2016 enquiring about a follow-up to the announcements made in Valcambi's statement dated 26 November 2015 following the release of the reports "A Golden Racket" and "Gold from children's hands in consumer electronics".

As per our statement, the Berne Declaration's report led to a full review of our compliance systems on ASM sources, with the support of ELL. The intention of this review was to detect where possible shortcomings could have been and to upgrade and improve our ASM sourcing procedures.

Our existing sourcing procedures translated the general framework defined by the most relevant guidance and policies, such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the LBMA Responsible Gold Guidance, and the Responsible Jewellery Council Code of Practice Standard. The new enhanced sourcing procedures we have today describe a process with improved and new tools to identify manage, mitigate and remediate risks.

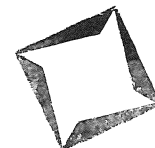
The set of integrated protocols and tools, will allow us to carry out a degree of due diligence able to drive positive change and economic development in ASM mining communities, and inform us on how we engage with suppliers from this provenance.

Some key features of the procedures that are specific to sourcing from ASM include:

- **Physical spot-checks:** A physical spot-check shall be conducted on the supply chain of each counterparty whose gold is of ASM provenance.
- **Risk categorizations:** This determines whether Valcambi can work with the counterparty and if so under what conditions.
- **High-risk location identification and monitoring:** Supply chains that operate in areas with a history of human rights violations and white-collar crimes will be subject to tighter scrutiny.
- **Allegations investigation:** Investigations are conducted where credible allegations concerning an ASM source or Valcambi's business partners, in regards to having inadequate due diligence practices, or links to human rights abuses or white-collar crimes have been identified.
- **Responsible communication.** Findings will be shared with counterparties. Findings may be shared with others where permissions are granted, where appropriate, and where feasible by law.

With the finalized new procedures we are entering a new phase of stakeholder consultation process, where relevant stakeholders (NGOs, clients, ASM experts, and industry associations) will be asked to provide





critical feed-back on the revised ASM sourcing procedures as a reality check. In parallel we are identifying key partners projects for piloting our ASM sourcing procedures on the field.

While this work is under way, any supply from artisanal and small-scale mines has been suspended, including materials coming from Burkina Faso and Togo, until such time as our procedures for sourcing are fully approved and implemented. At that point, we will engage with ASMs, including those within Burkina Faso, as long as they prove adherence to our new requirements.

Our investigation, triggered by and based also on the content of the "A Golden Racket" report, shows that our due diligence practices were met and confirms that the prescriptions required by the standard adopted were satisfied.

Valcambi's dossier for sourcing from Burkina Faso and Togo identifies all entities at each supply chain tier, including the mining and export licences from which the gold originates. The dossier included reports of visits to the mine sites, confirming the absence of child labour and the adequacy of working conditions.. The dossier includes also minutes of meetings confirming that all due taxes had been paid and that there are no pending actions on this point.

We have released a report with the key findings of our investigation and shared it with a selected number of stakeholders such as accreditation bodies, Governmental Agencies, and gold end users. We reported this event in the LBMA Responsible Gold Guidance Compliance Report Year 2015 and shared more detailed information with the LBMA. We will continue to report in conformance to the standard we have adopted, i.e. as part of our LBMA Responsible Gold Guidance Compliance Report Year 2016.

We have welcomed the discussion that the Berne Declaration has initiated and we decided to take a leadership role on ASM sourcing. Currently we are in the consultation phase of our targeted objective.

In collaboration with various stakeholders, we have the aspiration of improving access to markets for artisanal and small-scale miners, and being an ally to support their legitimisation and formalisation in line with appendix I of the Gold Supplement of the OECD Due Diligence Guidance and the OECD FAQ on Sourcing Gold from Artisanal and Small-scale miners.

With best regards,

Valcambi sa

Michael Mesaric  
CEO

Simone Knobloch  
COO