

From: Aram Shishmanian
Sent: Monday, June 20, 2011 06:37 AM
To: Kimpel, Scott H.
Subject: Standards for Conflict-Free Gold

Dear Scott Kimpel

I am writing to let you know about an important initiative by the World Gold Council to combat 'conflict gold' and to seek your input.

The World Gold Council represents 22 of the world's leading gold mining companies, which collectively account for 60% of newly mined production. Over the last 15 months, we have been working with our members and leading refiners to produce a draft framework of standards that will enable commercial producers to identify a certificated stream of conflict-free gold. Today we are publishing the first two draft standards: conflict-free gold; and chain-of-custody on our website (www.gold.org).

The 'conflict-free standard' sets out the principles and management systems that a responsible mining company should have in place if it operates in a conflict or high risk zone, so as to ensure that it is not a trigger or source of finance for conflict. The chain of custody standard establishes processes through which gold can be tracked from the mine to the end of the refining process. The standards can be viewed via the following link: http://www.gold.org/about_gold/sustainability/conflict_free_standards/.

The continuing conflict in the Democratic Republic of Congo has complex causes. In recent years, however, a significant source of finance for the armed groups has been the production and sale of a number of minerals, including gold. Although the DRC is not a major producer (accounting for about 0.6% of global output through artisanal sources), the leading gold miners and refiners recognise their responsibility to play a part in providing assurance to end users that the gold they produce is not tainted.

Gold should be an engine for economic growth and development in producing countries and its misuse in fuelling conflict should be a focus of concern for everyone in the gold supply chain. Thus we are working with the Organisation for Economic Co-operation and Development (OECD) on the gold supplement to their guidelines on the responsible sourcing of minerals. Consistent with the OECD, we intend that our standards should have global application and be relevant to wherever armed conflict arises. We are also committed to engaging with the promoters of assurance processes, in sectors like electronics and jewellery, to seek an integrated approach that avoids duplication of effort or consumer confusion.

The first two draft standards will be augmented in the coming months by additional ones on audit and certification and assurance. We and the refiners will also be continuing to work on a standard for the handling of recycled and scrap gold but it will be difficult to complete this in advance of the SEC finalising its regulations on the implementation of the Dodd-Frank Act. The first two standards are now being 'stress-tested' by companies to check their practicability. But such standards must command the confidence of a range of stakeholders if they are to succeed. Given the importance that we all attach to eliminating conflict gold from the international gold market, time is of the essence and so may I seek your comments by 1 September?

My colleagues and I look forward to your input so as to help us to reach the right conclusions on how we can most effectively combat the misuse of gold as a source of conflict.

Yours sincerely

Aram Shishmanian
Chief Executive Officer



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