

A BERNE DECLARATION INVESTIGATION September 2015

# A GOLDEN RACKET

The True Source of  
Switzerland's  
"Togolese" Gold



**BD**

Berne Declaration  
Déclaration de Berne  
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## EXECUTIVE SUMMARY

Between 2012 and 2014, Switzerland imported 7,500 tonnes of mined gold from over 60 countries. It is one of the largest importers globally, refining the equivalent of 70% of the world's annual production. In 2013, the Federal Council clearly recognised the risks associated with this lucrative industry and underlined the importance of higher standards of corporate transparency and accountability. Yet, efforts to stem the inflow of gold that may be the proceeds of corruption, environmental damage or human rights violations remain embryonic.

In February 2014, and for the first time since 1980, the Federal Council published statistics on the provenance of Switzerland's gold. Every year, the country imports thousands of kilograms of mined gold worth millions of Swiss francs from Togo, a non-producer country. This report traces the true source of this "Togolese" gold—to Burkina Faso.

In many of the artisanal mines across the country, gold is extracted under abysmal conditions. Between 30% and 50% of the labour force are children who, alongside their adult colleagues, work 12-hour shifts, day and night. Many handle highly toxic substances, including mercury, unprotected and on a daily basis. Security provisions are next to inexistent and shaft cave-ins—at times fatal—occur frequently. Work-related illnesses include respiratory and pulmonary disease from excessive dust exposure, and skeletal injuries from heavy lifting and shaft accidents. Excessive exposure to mercury seriously harms the digestive and immune systems, lungs and kidneys.

At least 7 tonnes per year of this artisanal gold never makes it onto the books in Burkina Faso and is instead smuggled overland to Lomé, Togo. Among the primary Burkinabé "comptoirs d'achat" (trading intermediaries) in control of this illicit trade is SOMIKA, owned by El Hadj Adama Kindo, a powerful local businessman. SOMIKA denies any wrongdoing. Once in Lomé, the gold is purchased by Wafex Sàrl, a subsidiary of an agglomeration of inconspicuous companies owned by a family of Lebanese origin called Ammar Group. Wafex in turn exports the gold to Switzerland using Ammar Group's Geneva-based arm, MM Multitrade SA, where it ends up in one of Switzerland's "big four" refineries, Valcambi SA. Valcambi then refines and sells on the bars or ingots, crediting the equivalent value in troy ounces of gold onto MM Multitrade's account at Arab Bank in Geneva.

The motivation for this illicit trade is simple: Burkinabé comptoirs avoid paying export taxes of 500 FCFA (approx. 0.9 CHF) per gram of gold (in addition to all other corporate taxes on grams traded and corresponding profits), while Ammar Group profits from Togo's generous export rates that are ten times cheaper. These activities cost the Burkinabé state at least 3.5 billion FCFA (6.47 million CHF) in 2014—a sum equivalent to one quarter of the total aid Switzerland sent to the country in the same year.

Burkina Faso's gold rush in the early 2000s brought hopes for mining as a means for reducing poverty in a country ranked 7th least developed in the world. The labour-intensive artisanal gold sector remains a crucial source of employment for around 1.2 million of the country's rural dwellers. Yet, as this report shows, the people see little of the revenues; instead, profits are accumulated into private coffers, enriching a local and international elite.

Meanwhile in Switzerland, Valcambi, who profits from this dirty trade, waxes lyrical about its "ethical, moral and social standards". In its compliance reports, the refinery claims to be acting "in strict accordance with" the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* and its *Supplement on Gold*, and the London Bullion Market Association's (LBMA) *Responsible Gold Guidance*. It claims to have the "highest traceability standards" over its entire supply chain and every single lot of material processed. And yet, it continues to purchase and refine gold originating from mines run on what the International Labour Organisation terms the "worst forms of child labour".

This report unveils the major shortfalls—or perhaps deliberate blind spots—in the refinery's human rights due diligence and efforts to trace the true origin of the gold it refines. The gaping void between Valcambi's official statements pertaining to the OECD and LBMA guidance, and its everyday compliance procedures, audited by KPMG, reveal the former to closer resemble a public relations strategy than a true commitment. We further illuminate how these operations take place under minimal scrutiny from the Swiss customs administration who, in the words of an anti-money laundering official, "prefer not to know".

Our research began based on a series of documents provided by anonymous sources. Over nine months, we conducted 45 interviews with government officials, customs au-

thorities, anti-money laundering consultants, compliance experts, non-governmental organisations (NGOs), lawyers, bankers, gold miners, traders, unionists and journalists in Switzerland, Togo and Burkina Faso, including in five of the country’s artisanal mines. We contacted all companies for comment: Valcambi and Ammar Group declined our requests for meetings and did not respond to questions sent by email; Arab Bank and KPMG refused to comment.

The Berne Declaration is not calling for a boycott of artisanal gold from Burkina Faso. However, business in such contexts requires the utmost vigilance from all parties – so much is made clear by the existence of gold-specific and even artisanal gold sector-specific guidelines. Yet, despite the existence of these guidance tools, controls on their implementation are weak and companies are not sanctioned in cases of breach. It is a reasonable expectation that companies know and repeatedly verify the source of their gold, but, as this report shows, voluntary measures are not working. It is time for mandatory human rights due diligence.

## SUMMARY OF KEY RECOMMENDATIONS

### To the OECD and LBMA

- Extend the guidance tools to include all companies sourcing mined gold, not just those operating in high-risk or conflict-affected locations.
- Provide clear guidance for companies on how to conduct child labour due diligence in their mineral supply chains.
- The LBMA should ensure that its “enhanced due diligence” measures for gold from high-risk locations are required the length of the supply chain, from mine to refinery, irrespective of whether it is artisanal or industrial gold.
- Ensure that companies are properly sanctioned for breaching the guidance.

### To the Swiss Authorities

- Legally oblige companies to conduct due diligence over their entire supply chain to ensure that the gold that they purchase does not cause, contribute to, and is not directly linked to, human rights violations, and to prevent the purchase of, or trade in, illegally acquired commodities. For more information, see Switzerland’s [“Responsible Business Initiative”](#).
- Fully implement existing procedures under the Anti-Money Laundering Act (AMLA) that oblige refineries to verify the legal origin of all imported gold.

- Require gold importing companies to declare both the provenance and origin of mined gold to the Federal Customs Administration, and make this information publicly available.

### To Valcambi and Ammar Group

- Valcambi should fully implement its Precious Metals Supply Chain Policy with immediate effect, strengthen its due diligence procedures to identify child labour and other human rights risks in the gold supply chain, and annually publish independent reports on its supply chain due diligence.
- Valcambi should design and implement a remediation plan with Ammar Group ensuring that the latter: adopts and fully implements human rights due diligence in line with the UN Guiding Principles on Business and Human Rights; uses its leverage to ensure that the mines it sources from cease to operate using the worst forms of child labour, and to push for better mine management in terms of security for workers; purchases and exports its gold directly from the country of origin; and ensures that all gold purchased has been acquired in a legal manner and taxed according to the law in its country of origin.



Overview of four shafts at Tikando mine site visited by the Berne Declaration on Thursday 13th August 2015. Mining continues into the wet season, despite the high risk of shaft collapse. // Tikando mine site, 13th August 2015.

Diggers wait their turn to descend into the darkness. Sandbags and wooden poles are makeshift measures to reinforce the shaft walls, up to 170 m deep. // Tikando mine site, 13th August 2015.





A 16-year-old is lowered up to 170 m vertically underground with nothing but a head torch. Underground work counts as a "worst form of child labour", strictly forbidden for minors, according to the ILO and Burkinabé law. // Tikando mine site, 13th August 2015.



# 1. INTRODUCTION

For thousands of years, gold has represented wealth, beauty and divine principles. In Switzerland alone, such connotations stimulate a demand that generates the gold industry billions of Swiss francs (CHF) every year.<sup>1</sup> Between 2012 and 2014, the country imported on average 2,500 tonnes of mined gold<sup>2</sup> annually from over 60 countries.<sup>3</sup> It is one of the largest importers globally, refining the equivalent of 70% of the world's annual gold production.<sup>4</sup>

In its 2013 “Background Report: Commodities”, the Federal Council clearly recognised the risks associated with this lucrative industry and underlined the importance of higher standards of corporate transparency and accountability.<sup>5</sup> Yet, efforts to stem the inflow of gold that may be the proceeds of corruption, environmental damage or human rights violations haven't materialised. The Swiss government continues to rely on the industry's voluntary due diligence initiatives, which, as this report shows, are largely insufficient.

Indeed, in contrast to its more glamorous connotations, for many local populations gold brings trouble. In the Democratic Republic of the Congo, it has been associated with funding armed groups in one of the world's deadliest conflicts since World War II. This gold was refined by two of Switzerland's major refineries –Metalor in Neuchâtel<sup>6</sup> and Argor-Heraeus in Ticino,<sup>7</sup> among others. In Peru's Madre de Dios, the illegal trade has fed violence and caused grave environmental damage. This gold was refined by PAMP in Ticino.<sup>8</sup> In Mali in 2011, it was proven to be the fruit of child labour<sup>9</sup> –gold imported by a small Geneva-based company, Decafin, and refined by another Swiss major, Valcambi in Ticino.<sup>10</sup> The list goes on.<sup>11</sup> All the refineries denied any wrongdoing.

Burkina Faso and Togo are not countries that commonly appear in reports on so-called “dirty gold” –Togo rightfully so as, officially speaking, it produces none. Burkina Faso, on the other hand, is Africa's fourth largest gold producer.<sup>12</sup> In 2013, 96% of the country's official exports ended up in Switzerland.<sup>13</sup>

This report tells the story of the rest: the estimated 7 tonnes of artisanal gold from Burkina Faso that does not make it onto the books, a large quantity of which is smuggled to Togo and subsequently exported to Switzerland, where it is refined by Valcambi.

This gold is the fruit of child labour. In many of the artisanal mines across the country, it is extracted under abysmal working conditions. Miners –adults and children –work 12-hour shifts, day and night. Many handle highly toxic substances, such as mercury, unprotected and on a daily basis. Security provisions are next to inexistent, and references abound in the local press on death tolls from shaft collapses.<sup>14</sup> Despite these arduous conditions, the artisanal mining sector remains a crucial source of employment in a country where almost three quarters of the population live in rural areas.<sup>15</sup>

The product of this hard labour is sold on to a series of intermediaries, known as “comptoirs d'achat” (comptoirs), some of whom smuggle the pre-refined gold ingots –at this stage the size of a packet of cigarettes and weighing no more than 1 kg each –overland to Lomé, Togo. Among the primary Burkinabé comptoirs organising the transport of gold to Togo is SOMIKA, owned by powerful local businessman, El Hadj Adama Kindo. Once in Lomé, the gold is purchased by Wafex Sàrl, a subsidiary of Ammar Group, which in turn exports the gold in batches of 50–100 kg to Switzerland using its Geneva-based arm, MM Multitrade SA (MMM). Valcambi SA then refines and sells on the bars or ingots, crediting the equivalent value in troy ounces of gold onto MMM's account at Arab Bank in Geneva, according to our documents.

The motivation for this illicit trade is simple: Burkinabé comptoirs avoid paying export taxes of 500 FCFA (approx. 0.9 CHF) per gram of gold, while Ammar Group profits from Togo's generous export rates, ten times cheaper. These activities cost the Burkinabé state at least 3.5 billion FCFA (6.47 million CHF) in 2014, according to our estimates<sup>16</sup> –a sum equivalent to one quarter of the total aid Switzerland sent to the country in the same year.<sup>17</sup>

Burkina Faso's gold rush in 2005/2006 brought hopes for mining as a means for reducing poverty. In 2009, gold became the country's chief export product.<sup>18</sup> The employment-intensive artisanal mining sector holds particular potential for local populations as a complementary source of income to seasonal agricultural production. Yet, ranked 180th (out of 187 countries) on UNDP's Human Development Index 2014,<sup>19</sup> it doesn't appear to be having the desired effect. The population sees little of the revenues from this gold; instead, the profits are accumulated into private coffers, enriching a local and international (largely Lebanese) elite.

## 1.1 TRACING THE TRUE SOURCE OF “TOGOLESE” GOLD

In February 2014, after decades of internal and external pressure, the Federal Council published statistics on the provenance<sup>20</sup> of Switzerland’s gold imports.<sup>21</sup> In January 2014 alone, 1,287 kg of gold worth over 42 million CHF was imported from Togo, a non-producer country.<sup>22</sup> The Berne Declaration raised this mysterious fact on Swiss television,<sup>23</sup> commenting how the publication of these statistics reveals far from everything about Switzerland’s trade in this precious metal.

Six months later, a source, whose identity we wish to protect, gave us his explanation: the business model set up by a Swiss importer to conceal child labour and avoid taxes in Burkina Faso. This encounter marks the beginning of a nine-month investigation undertaken to verify his claims in three countries—Burkina Faso, Togo and Switzerland. In October 2014, we set out to explore the true origin of this gold imported and refined in Switzerland. The closer we crept to its true source, the closer we were drawn to the appalling conditions under which it is produced.

We began with the testimonies and documents provided by our sources, including Swiss customs’ import certificates, Air France airway bills for batches of gold ingots, a list of artisanal mine sites in Burkina Faso where the gold is allegedly sourced and invoices for bank transactions. Other sources informed us about our protagonists—the Ammars, a wealthy Lebanese family who opened the Geneva branch of their group, MM Multitrade, to cut out their Swiss intermediary, Decafin.<sup>24</sup> To the Geneva authorities, their explanation for this move was to “completely disassociate themselves” from Decafin for “ethical reasons”.<sup>25</sup> In reality, and as we explore below, ethical considerations do not appear to be a high priority. Instead, with a subsequent *de facto* monopoly over the Togo–Switzerland supply chain, profit seems to be their primary and sole motive—the origin of the gold and their business model remain unchanged.

We have conducted interviews with 20 different sources, including the Swiss customs authorities, private consultants, NGOs, lawyers, bankers and gold traders. In March 2015, we visited five artisanal mine sites in Burkina Faso to trace and document the conditions along the supply chain, from extraction to export. An additional 25 interviews were conducted here with Burkinabé miners, traders, unionists, non-governmental organisations (NGOs), government officials and journalists. Next, we went to Lomé to investigate why Togo, with its minute gold reserves, exports such large quantities of gold, and to try to meet the Ammars. Finally, back in Switzerland, we confronted all the parties involved with our facts and hypotheses, and submitted our findings to Swiss compliance and anti-money laundering experts. Valcambi and Ammar Group declined our requests for meetings and did not re-

spond to the series of questions we sent, despite having acknowledged receipt of our emails. Arab Bank (Geneva), where MM Multitrade’s Swiss bank account is housed, also refused to comment.<sup>26</sup> KPMG, Valcambi’s auditor, responded to our email in a timely manner, but simply referred us back to the refinery. In the following pages, we detail all responses; however, where requested, our sources’ identities have been concealed.

By 2015, two sets of voluntary international standards prevail over the gold sector and contain due diligence guidance specific to refineries like Valcambi: the Organisation for Economic Cooperation and Development’s (OECD) *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (OECD DD Guidance) and its *Supplement on Gold*; and the London Bullion Market Association’s (LBMA) *Responsible Gold Guidance*. The drafting of guidance specific to the gold sector, endorsed by governments, industry and civil society organisations, highlights the importance of, and challenges particular to, this industry.

### BOX 1: FROM THE UNGPs TO THE LBMA’S RESPONSIBLE GOLD GUIDANCE

In June 2011, the United Nations (UN) Human Rights Council adopted the “Guiding Principles for Business and Human Rights” (UNGPs).<sup>27</sup> Drafted by Professor John Ruggie in collaboration with governments, companies, business associations, civil society, investors and others, the UNGPs outline how states and companies should implement the UN’s “Protect, Respect and Remedy” framework in order to better identify, prevent, mitigate and account for companies’ adverse impacts on human rights.

In the same year and with particular reference to the UNGPs, the OECD updated their “Guidelines for Multinational Enterprises”<sup>28</sup> and adopted their “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”.<sup>29</sup> The former provides general guidelines pertaining to everything from human rights to the environment to science and technology. The latter was drafted with two specific objectives for companies: to respect international human rights standards and to avoid contributing to armed conflict through sourcing practices along their supply chains.

In February 2012, the OECD Guidance was expanded to include the “Gold Supplement”, directed at companies sourcing gold from conflict-affected or high-risk areas, according to their different positions in the supply chain. This has been adopted and applied to gold refineries by the London Bullion Market Association in their “Responsible Gold Guidance”.<sup>30</sup>



In what follows, we show where Switzerland’s “Togolese” gold really comes from. We highlight the gaping void between Valcambi’s official statements pertaining to the OECD and LBMA guidance, and its everyday compliance procedures, revealing the former to closer resemble a public relations (PR) strategy than a true commitment. We unveil the major shortfalls—or perhaps deliberate blind spots—in the refinery’s human rights due diligence and efforts to trace the true origin of the gold it refines. We further show how these operations take place under minimal scrutiny from the Swiss customs administration (AFD)

who, in the words of an anti-money laundering official, “prefer not to know”.

## 1.2 GOLD TRADE DATA: RARE RECONCILIATION

The figures published by the Federal Customs Administration<sup>31</sup> on Switzerland’s gold trade are available broken down by country of provenance and destination. Annual figures are available from 1982 to 2013, while from 2014 onwards, monthly data is provided. Access to this infor-

**TABLE 1: RECONCILIATION OF GOLD TRADE DATA FOR BURKINA FASO, TOGO AND SWITZERLAND**

Year	Burkina Faso			TOTAL GOLD EXPORTS <sup>38</sup> (kg)	SWISS GOLD IMPORTS FROM BURKINA FASO <sup>39</sup>		Togo			
	OFFICIAL GOLD PRODUCTION <sup>37</sup> (kg)	Industrial	Artisanal or Small-Scale		Quantity (kg)	% of Burkina Faso’s Total Production	TOTAL OFFICIAL GOLD PRODUCTION <sup>40</sup> (kg)**	TOTAL GOLD EXPORTS <sup>41</sup> (kg)	SWISS GOLD IMPORTS FROM TOGO <sup>42</sup>	Quantity (kg)
2005	1,257	nc	1,257	364	239	19	0	6,179	6,106	99
2006	1,010	nc	1,010	nc	152	15	0	nc	6,251	nc
2007	753	363	1,116	876	371	33	0	10,159	9,164	90
2008	5,039	443	5,482	5,686	5,985	109	0	11,835	11,366	96
2009	11,615	535	12,150	15,337	13,457	111	0	12,955	11,466	89
2010	22,477	600	23,077	27,812	21,038	91	0	10,452	6,542	63
2011	32,132	468	32,600	40,944	31,894	98	0	16,469	13,076	79
2012	29,196	973	30,169	nc	28,658	95	0	18,551	13,062	70
2013	30,225*	1,000*	31,225*	38,671	37,100	119	0	nc	15,768	nc
2014	29,938*	1,000* (8,000)	30,938* (38,938)	nc	37,372	121 (96)	0	nc	6,904	nc

This table reveals the discrepancies between:

- the amount of gold Burkina Faso produced and the amount it exported since 2008;
- the amount of gold Burkina Faso produced and the amount Switzerland imported (notably in years 2008, 2009, 2013 and 2014); and
- the amount of gold Togo produced and the amount it exported from 2005 onwards. The numbers in brackets represent our estimates of how much artisanal gold Burkina Faso really produced (i.e. that was unreported)—for the purpose of this report, we selected the conservative figure of 7,000 kg; however, it could be as much as 20,000–30,000 kg per year.

\* These quantities come from predicted production figures calculated in 2013 by Burkina Faso’s Direction Générale des Mines et de la Géologie (DGMG).

\*\* According to the EITI in 2014, Togo has some alluvial artisanal gold sites.<sup>43</sup> However, both EITI and the US Geological Survey’s “2011 Minerals Yearbook for Togo” also caveat that the majority of Togo’s gold exported comes from neighbouring countries. There are no industrial gold mines in Togo and no official gold production figures. The figures provided in Togolese media on the gold sector refer only to exploration permits allocated, but no current exploitation.



**Diggers descend shafts unprotected – helmets, gloves, decent shoes or goggles are unheard of. They are often drugged to suppress fear and hunger during their long shifts underground in the claustrophobic shafts.**

// Tikando mine site, 13th August 2015.

mation facilitates a comparison, for the first time, between Burkina Faso and Togo's production and export statistics, and Switzerland's imports.

As Table 1 shows, in 2011 Switzerland imported 98% (31,894 kg) of Burkina Faso's total (official) gold production. In 2013 and 2014, it imported more than the recorded gold produced, regardless of Burkina Faso's period of political upheaval in October and November 2014. On face value, these figures appear strange: how could Burkina Faso export more gold than it (officially) produced? This discrepancy could be due to a number of factors, including: under-reported production; the sale of gold stockpiles; the sale of gold originating from neighbouring countries; or just poor quality data.

Our research shows that there is indeed a large amount of unreported gold in Burkina Faso. Local partners estimate that the country's artisanal production is closer to 8,000 kg per year than the official figure of 1,000 kg (see brackets in Table 1).<sup>32</sup> Our on-site research also reveals that the combined total output of just 3 mine sites (Tikando, Karentenga and Aoura) comes to around 972 kg of gold per year<sup>33</sup> – already over 97% of Burkina Faso's official artisanal gold production for years 2013 and 2014. By 2013, the govern-

ment had authorised 289 artisanal mining sites,<sup>34</sup> covering over 50% of Burkina Faso's territory.<sup>35</sup> 8,000 kg per year is, therefore, a conservative estimate; others assessed it to be closer to 20,000–30,000 kg.<sup>36</sup>

Another puzzle arises for Togo: since 2010, the country has been exporting the equivalent of around half of Burkina Faso's total official gold production per year—a large amount for a country with no industrial mines and that does not, officially, produce any gold. In 2012, over 70% (13,062 kg) of this gold was imported into Switzerland. Since mid-2014, Ammar Group has been responsible for all Swiss gold imports from Togo, according to one of our sources. Our investigation indicates that a large portion of this is unreported and, hence, untaxed gold of Burkinabé origin, as we explore below.

## 2. GOLDEN FOOTSTEPS: FROM THE SAHEL SCRUB TO THE PALM TREES OF TICINO

### 2.1 “EVERYONE’S AT IT”, BUT AT WHAT COST?

Many of Burkina Faso’s artisanal mines are a stone’s throw from the capital, Ouagadougou, and easily accessible by road. Swathes of the country’s population draw important revenues from artisanal mining—an alternative source of income to highly seasonal agriculture in a country where 72% of the total population (12.2 million) live in rural areas.<sup>44</sup> Indeed, from discussions with local authorities to random meetings in hotel lobbies, one gets the impression that ‘everyone’s at it’. The numbers only confirm this: according to the government’s figures, over 200,000 people depend directly on artisanal gold mining for their livelihoods,<sup>45</sup> while up to five times as many benefit indirectly through employment in the informal services sector supporting the mines.<sup>46</sup> It is one of the country’s largest sources of paid labour.

The epicentre of the sector, the mine sites themselves, vary enormously in size and organisation. Many are small-scale affairs run by local businessmen with little technical sophistication or financial input. Other larger sites can span multiple square kilometres and attract thousands of miners from Burkina Faso and its neighbours. Most are temporary fixtures, springing up in no time upon discovery of a mineral deposit and disappearing just as quickly once the reserve has been exhausted, leaving nothing but scars etched into the barren scrub and a hotchpotch of murky pools.

We visited five of these artisanal mines—Tikaré, Yabo, Alga and Karentenga in the north, and Tikando in the south-west—at least four of which either sell to, or are directly controlled by, Adama Kindo’s comptoir, SOMIKA.<sup>47</sup> At first glance, Alga—one of the largest artisanal mines in Burkina Faso’s Centre-Nord region with around 7,000 workers—appears just like any other rural settlement. On closer inspection, the mineshafts become visible perched on the side of a hill, resembling a series of human-sized warrens that cascade down into a moon-like landscape where the rock debris is processed (see Infographic 1, p. 12). The entire panorama is painted grey by the dust of the excavation material.

These mounds are organised with almost military precision, at least in terms of division of labour. Their spatial organisation and security provision, on the other hand, more closely resemble the anarchy for which they are renowned. The mining area and town blend into one another without any form of official demarcation. People eat, sleep and work in the same space. Once the initial hole is created using dynamite, shafts are dug by hand. Neighbouring mining crews are informed in advance of planned explosions and evacuated, but in the shafts just a few dozen metres away, work continues as normal. Cave-ins—at times fatal—occur frequently.<sup>48</sup> Just weeks before we visited Alga, 46 miners were allegedly killed when a shaft collapsed.<sup>49</sup>

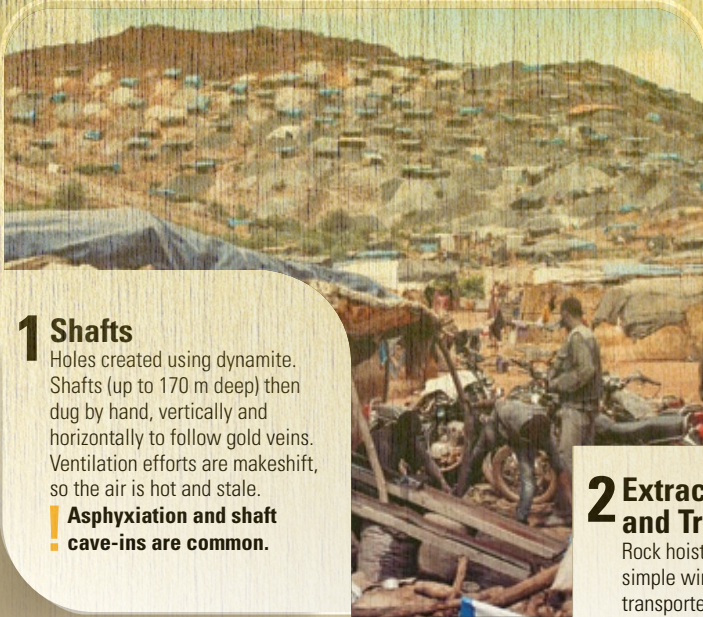
#### BOX 2: ABDOULAYE AND ISSA’S STORIES

**Tikaré’s heyday is over. A few years ago, hundreds of miners worked tirelessly; today only two dozen remain, striving to extract the last traces of gold from the mine’s exhausted shafts. But for 12-year-old Abdoulaye, Tikaré represents hope:**

“I wasn’t sent to school by my parents,” he told us. “I help my father in the fields, but as it is the dry season, I’ve come to the mine to earn money. I came to help my brother. If I earn money, I will go back in the rainy season to help my parents cultivate.”

In reality, few children return home to attend school or live with their parents. A group of boys we met at Tikando had already spent years away from home, travelling together from site to site.

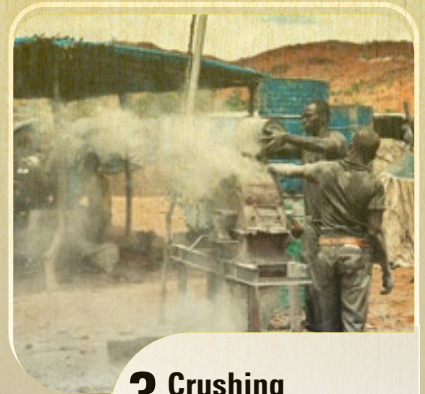
“We were in Senegal until they closed down the mines,” Issa said. “We are not all from the same family, but we all come from the same village. I’ve never attended school and my parents are still in Tenkodogo,” hundreds of kilometres away. Aware that children under 18 years are not allowed to operate heavy machinery as they do, Issa and his friends weren’t willing to tell us their true age.



### 1 Shafts

Holes created using dynamite. Shafts (up to 170 m deep) then dug by hand, vertically and horizontally to follow gold veins. Ventilation efforts are makeshift, so the air is hot and stale.

**Asphyxiation and shaft cave-ins are common.**



### 2 Extraction and Transport

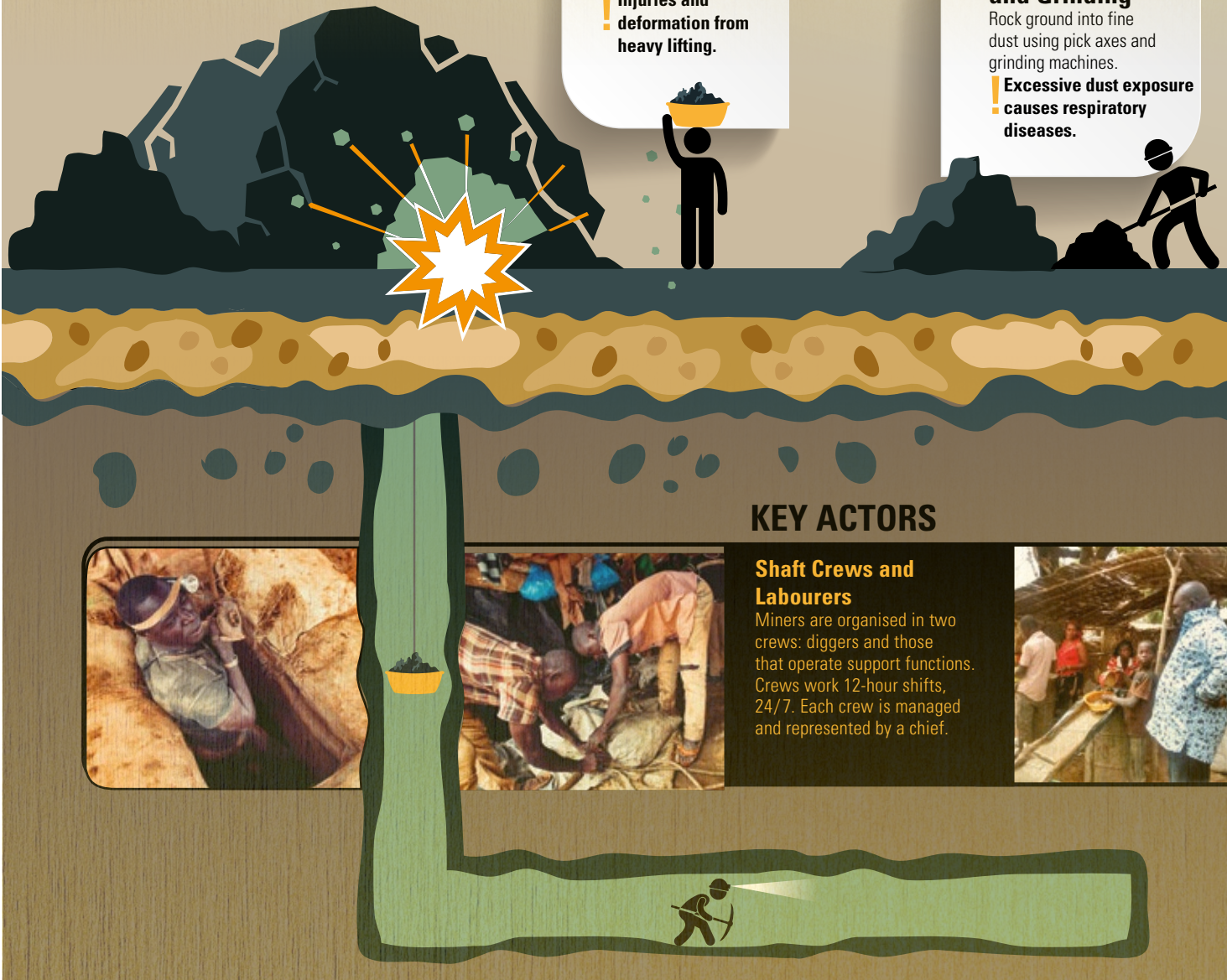
Rock hoisted using simple winches, then transported by hand or scooter to stone mills.

**Injuries and deformation from heavy lifting.**

### 3 Crushing and Grinding

Rock ground into fine dust using pick axes and grinding machines.

**Excessive dust exposure causes respiratory diseases.**



## KEY ACTORS



### Shaft Crews and Labourers

Miners are organised in two crews: diggers and those that operate support functions. Crews work 12-hour shifts, 24/7. Each crew is managed and represented by a chief.



# BURKINA FASO'S GOLD RUSH

## Organisation of an Artisanal Mine Site



### 4 Panning and Washing

To separate the gold-bearing material from silt, debris is panned and washed in sluice boxes.

### 5 Chemical Treatment

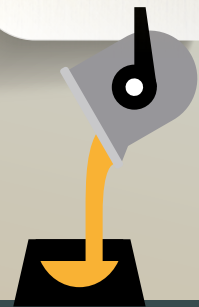
To isolate the gold, slurry is treated with mercury. More gold is recovered from the remaining sludge using cyanide.

**Mercury seriously harms the digestive and immune systems, lungs and kidneys.**



### 6 Smelting

A small smelter is used on-site to produce pre-refined gold bars.



### Mine Site Manager

Often a powerful local individual. Responsible for coordinating on-site activities, enforcing regulations and providing security.



### Traders

Responsible for placing gold on the market. At smaller sites, act as intermediaries between miners and "comptoirs d'achat". At larger sites, comptoirs may trade directly at the mine or even hold the mining permit.

### GENERAL ISSUES

- **30%–50% of workers are minors.**  
Children work at all stages of the production chain.
- **No access to safety equipment.**  
Helmets, gloves, decent shoes and goggles are unheard of, even when handling toxic chemicals and heavy machinery.
- **Sanitation is poor.**  
As informal settlements, mining villages have little planned infrastructure.

### 2.1.1 Children at Work

What stands out most is the composition of the labour force. At the five mine sites we visited between 30% and 50% of the workers were children, while many of the adult miners we interviewed also described how they began their careers in the sector as children or teenagers.

Under Burkinabé law, the minimum working age is 16 years old and 18 years old for hazardous work.<sup>50</sup> Children under 18 years are explicitly forbidden from: working underground; extracting minerals using chemicals, including mercury and cyanide; extracting minerals using explosives; grinding or pounding stones; washing or panning for gold; transporting rock debris; and smelting metals.<sup>51</sup>

Despite these legal provisions, the government's efforts to wipe out child labour on the ground appear to be failing.

Minors are generally active at every stage of the production chain, though the conditions vary from site to site.<sup>52</sup> Their activities include: digging and descending the mineshafts, at times up to 170 m deep; carrying sacks of ore to be processed; crushing the ore manually and with heavy machinery; washing and panning for gold; and processing the gold ore using mercury. In two of the mine sites we visited, children were banned from descending the shafts; in others, due to their slight frames, they are the preferred choice. No one has access to safety equipment; helmets, decent shoes and goggles are unheard of.

Only the most “courageous” descend the shafts, explained one interviewee. To help “give courage”, an array of alcohol, cannabis and amphetamines is available on-site.<sup>53</sup> According to Mahamadi Sawadogo, who leads a UNICEF-funded project at Karentenga mine, amphetamines “go hand in hand with artisanal mining”, taken to suppress hunger, weakness and fear of working in the dark and claustrophobic shafts. In fact, a local researcher told us “they won't go down without them [drugs]”.<sup>54</sup> The trade and consumption of amphetamines is illegal in Burkina Faso, but access is easy—several countries in the region are production and trafficking centres.<sup>55</sup>

Both children and adults are frequently exposed to mercury, cyanide and other toxic chemicals used in ore processing. Mercury, for example, attacks the central nervous system. High levels of exposure can also harm the digestive and immune systems, lungs and kidneys, and may be fatal. *In utero* exposure can occur when pregnant women are exposed, seriously threatening the development of the child.<sup>56</sup> Most people are unaware of the health consequences of exposure to toxic substances and don't know how to mitigate the impacts.

Other work-related illnesses include: respiratory and pulmonary diseases from dust exposure, such as silicosis; muscular and skeletal injuries and deformation from heavy lifting and shaft accidents; hearing loss from operating the

heavy machinery; and accidental blindness from chemical exposure.<sup>57</sup> A few people sport eye masks of the sort issued to passengers on long-haul flights, but neither the miners nor the stone crushers have access to proper respiratory masks that could mitigate the impacts of excessive dust exposure.

One interviewee reported that around 25% of children working in artisanal gold mines are victims of work-related accidents leading to injuries.<sup>58</sup> In two-thirds of these cases, they did not receive any formal treatment.

Many first come into contact with mining activities on their mothers' backs. When the dry season hits, many women flock to the mines to recover gold from excavation material, abandoned sites or to wash and process the ore in search of household income. In such circumstances, toddlers less than a year old are in direct vicinity of dust, noise and harmful chemicals.

Other children—especially boys—are attracted to gold mining by the money. Many live within walking distance of the mines and have miner friends who can facilitate their job hunt; others who live more than a day's walk away from the mine come alone. Just like adult miners, children migrate rapidly and independently depending on labour demands and the profitability of the mine sites.

Children often become mine workers at a very young age, abandoning school and any hope of a career outside of the artisanal sector. According to Mahamadi Sawadogo from UNICEF, “once children are involved with mining, they never want to go back to school. [...] Even if you pay their school fees they can already earn money, so they say that school is not worth it.”<sup>59</sup> The prospect of earning up to 5,000 FCFA per week (approx. 9 CHF) in a country where most people earn less than the official minimum wage of 32,798 FCFA per month (approx. 59 CHF) makes returning to a formal education seem unappealing and unnecessary.

Although some underage miners do contribute to much-needed household income, the involvement of children in hazardous mining activities is neither an economic necessity nor unavoidable. As in the case of Tikando, certain mine operators have implemented and successfully enforced bans on children descending mineshafts.

When contacted, SOMIKA's representatives denied all allegations of child labour in the mines where they purchase their gold.<sup>60</sup>

## 2.2 THE ROAD TO LOMÉ

As detailed in section 1.2, we approximate that Burkina Faso's artisanal gold production is closer to 8,000 kg than the official figure of 1,000 kg. These numbers beg the question: what happens to the 7,000 kg of gold that do not make



Children crush chunks of gold-bearing ore by hand. The prospect of earning a weekly wage draws many to the mines at a young age, abandoning school and any hope of a career outside of the artisanal sector. // Alga mine site, 11th August 2015.



Shaft crews sort chunks of ore on the hunt for gold nuggets. // Tikando mine site, 13th August 2015.



Adolescents operate machines that crush the smaller chunks of ore into dust for chemical treatment. Excessive dust exposure causes respiratory and pulmonary diseases. Workers migrate rapidly and independently depending on demand and the profitability of the mine site. // Alga mine site, 11th August 2015.




**BOX 3: ALBERT OUSSÉ, “THE GOLDFATHER”**

**Albert Oussé is proud of his accomplishments. He runs several mines in the vicinity of Gaoua, south-west Burkina Faso. Under his watchful eye is Tikando, the country’s largest artisanal mine site with around 9,000 workers and a monthly output of up to 50 kg of gold. This mine alone equates to around 60% of Burkina Faso’s**

**official annual artisanal gold production and, in Oussé’s words, is the best organised one.**

Indeed, Tikando does appear well organised. Unlike Alga, production and living areas are largely separate. Although children are present and conduct tasks such as operating the stone crushers, Oussé has successfully enforced a ban on children descending the mineshafts. He further explained to us that his men keep tabs on the shafts’ stability and close them if heavy rains threaten their safety. Local miners confirmed that large-scale accidents have become rare here.

Mr. Oussé hasn’t always been in mining. A native to the area, he began eight years ago when a group of diggers approached his father to request permission to dig a shaft on his land. Touring the site with him, we felt his sense of responsibility towards the miners and local population.

But Albert Oussé is also the quintessential “big man”. Marching us around the mine, he struck an imposing figure and is clearly aware of his power, influence and wealth. Men we passed surrounded him to pay their dues. At one point, he ordered the driver of his SUV to pull up next to a group of workers busy shovelling sand into a stone mill. “Tell your boss that he must call me”, he yelled out the window. “I want the money by tomorrow morning. Tell him, if he doesn’t pay up, he can’t work here anymore and must leave.” Later, the man in question approached Oussé and handed him a large wad of bank notes.

Oussé claims 20% of the valuable rock output of all Tikando’s shafts, plus the majority of the output of several shafts that he finances personally. As site manager and permit holder, he further demands that each of the 195 hangars sell him 1 g of gold per week. The price, he tells us,<sup>61</sup> is fixed according to global markets. In return, Oussé enforces security with a cadre of ex-army and ex-police officers, and “manages relations” with locals.

In addition to his managerial responsibilities, Albert Oussé is regional president of the mineworkers’ union, rears cattle and is a farmer. “I’m also a politician, an official of the principal party CDP [Congrès pour la démocratie et le progrès]”, he tells us. He goes on to explain, however, that he will change party allegiances soon, as CDP has fallen out of favour since ex-President Blaise Compaoré’s fall in October 2014.

it onto the Burkinabé authorities’ books? From Burkina Faso to Togo to Switzerland, we retraced the path of a large portion of this gold.

From the mine site, gold is sold on to comptoirs (trading houses), most of which are based in Ouagadougou (see Infographic 2, p. 18). One of the largest comptoirs in Burkina Faso, SOMIKA, receives gold from at least four of the five sites we visited – Tikaré, Yabo, Tikando and Karentenga.<sup>62</sup> Multiple sources we interviewed further confirmed that SOMIKA is one of the main suppliers of the Ammar Group’s subsidiary, Wafex, in Lomé.<sup>63</sup>

While some of SOMIKA’s gold is officially declared and cleared for export or resale in Ouagadougou, our research shows that the rest is smuggled overland to Lomé, Togo. “In all honesty, there are pretty much no legal gold exports from Burkina to Togo”,<sup>64</sup> a representative from Burkina Faso’s Ministry of Mines (BUMIGEB) told us. He further explained how, upon arrival at customs on the Burkina Faso/Togo border, one is most likely to need a “homme de confiance”.<sup>65</sup>

Once in Lomé, the gold is “legalised” – it is declared and enters the formal trade system, in turn coming to comprise a share of Togo’s thousands of kilograms of annual exports of gold that it does not produce. According to one interviewee,<sup>66</sup> a trader from Burkina Faso, traders in Lomé, including Wafex, do not require their Burkinabé clients to present documents authorising the export of gold, instead preferring to operate on an “ask no questions” basis. The interviewee explained how Wafex is a particularly popular counterparty due to its policy of “just handing over the cash [...]. They don’t care about receipts and stuff.”

This illicit trade lines the pockets of Burkinabé comptoirs feeding into the clandestine Ouagadougou–Lomé pipeline, notably SOMIKA. By exporting allegedly unrecorded gold to Togo behind the backs of the authorities, they avoid Burkina Faso’s precious metals export taxes amounting to 500 FCFA per gram of gold.<sup>75</sup> In fact, they avoid all Burkinabé taxes calculated on quantity of gold exported and corresponding profits.<sup>76</sup> In doing so, SOMIKA and others are violating national law.<sup>77</sup>

# SWITZERLAND'S "TOGOLESE" GOLD SUPPLY CHAIN

Every year, Switzerland imports thousands of tonnes of mined gold. We know very little about the true origin of this precious metal. Swiss refineries claim that their supply chains are subjected to very strict controls, yet, contrary to these glossy statements, our investigation unveils the contraband networks hidden behind Switzerland's imports of "Togolese" gold. This is in fact gold originating from Burkina Faso, where it is extracted by children and smuggled, to avoid taxes, over the border to Togo.

## ARTISANAL GOLD PRODUCTION IN BURKINA FASO

**8 TONNES**  
OF ARTISANAL GOLD  
EXTRACTED  
EVERY YEAR

ONLY 1 TONNE  
DECLARED



**OVER  
200,000**

PEOPLE DERIVE A LIVING  
FROM THE SECTOR

**30-50%**  
ARE CHILDREN



GOLD SUPPLY CHAIN



FINANCIAL FLOWS



SWITZERLAND'S GOLD INDUSTRY

2,500

TONNES OF GOLD IMPORTED AND REFINED IN SWITZERLAND

EVERY YEAR

REFINES EQUIVALENT OF

70%

OF GLOBAL PRODUCTION

4 OF THE LARGEST REFINERIES

IN THE WORLD



PARIS CHARLES-DE-GAULLE AIRPORT



AIR FRANCE

ZURICH AIRPORT

SWITZERLAND

ARAB BANK (GENEVA)

GENEVA

5. MM MULTITRADE

- Ammar Group's subsidiary in Geneva
- 100% of Switzerland's gold imports from Togo

BALERNA

4. VALCAMBI

- Switzerland's largest gold refinery
- Weak due diligence
- Zero supply chain transparency



UNPAID TAXES AND ROYALTIES

In 2014 alone, these activities represented a loss in earnings for Burkina Faso of at least 3.5 billion FCFA (6.47 million CHF) in gold export taxes alone (see Table 2), a sum equivalent to one quarter of the total aid Switzerland sent to the country in the same year.<sup>78</sup> (And this is calculated using the conservative estimate of 7,000 kg smuggled per year). To this, we can add the Burkinabé state's loss in earnings from the corporate taxes that SOMIKA and others would be paying if they declared the gold.<sup>79</sup>

In turn, by basing their gold export operations in Lomé instead of Ouagadougou where they also have offices, Ammar Group profits from Togo's tax of 45 FCFA per gram of gold exported—ten times less than if the group was exporting directly from Burkina Faso.

If we suppose that all the gold Ammar Group exports from Togo originates in Burkina Faso, over 98% of the losses suffered by the Burkinabé state (3.45 billion FCFA) were incurred on gold that ended up in Switzerland. In other words, the 6,904 kg of gold imported into Switzerland and refined by Valcambi in 2014 could have deprived the Burkinabé state of up to 6.38 million CHF; profit that would have instead fallen into private hands.

### 2.2.1 “Un homme de confiance”: Impunity or Complicity among Burkinabé Officials?

As quoted earlier, BUMIGEB's representative has a point: how could SOMIKA and others physically smuggle 7,000 kg of gold per year (583 kg per month) without a “homme de confiance” to smooth the process?

#### BOX 4: AMMAR GROUP: OF TYRES AND GOLD

Both Wafex Sàrl (registered in Lomé, Togo) and MM Multitrade SA (registered in Geneva, Switzerland) are part of the Ammar Group. Founded in 1989 by three brothers—Elias, Antoine and Joseph Ammar<sup>67</sup>—from Damour, Lebanon, it is an inconspicuous outfit to say the least.

According to our documents, Ammar Group is mainly active in West Africa. It is a leading exporter of mined gold from Benin and Togo—activities run by two of its ten subsidiaries, Oba N'Chola and Wafex Sàrl. Both companies hold licences to trade gold. Via Wafex and MM Multitrade, its Swiss arm, Ammar Group is responsible for around half of Togo's total gold exports.<sup>68</sup> Our documents also detail that, “historically, all [of Ammar Group's] gold exported from Togo and Benin has been refined and sold in Switzerland”. According to these reports, in 2012 Ammar Group had a metals account at Lombard Odier, one of Geneva's prestigious private banks. In 2011 the Group's “turnover in Swiss banks” amounted to 575 million US\$, a figure estimated at the time to reach 750 million US\$ by 2014.<sup>69</sup>

Yet, despite Ammar Group's weight in the sector, there is no mention of its gold activities online. Its website refers only to its tyre business (it is the region's second tyre distributor for Goodyear). The group also has a German subsidiary in real estate called A&A Immobilier. We have been unable to identify where Ammar Group itself is registered, if such an entity truly exists.

Since contacting Ammar Group with our questions in May 2015, its website<sup>70</sup> has disappeared. Neither Wafex nor MM Multitrade have their own websites. The only information we have been able to glean on these companies is via the Swiss business registry,<sup>71</sup> EITI Togo<sup>72</sup> and the documents provided by our sources. The latter state that in 2012, when

MM Multitrade was first registered in Geneva, Ammar Group was primarily composed of three companies: Socofin Sàrl in Kaslik, Lebanon; Wafex Sàrl in Lomé, Togo (founded in 1991); and Oba N'Chola in Cotonou, Benin. All three, as well as MM Multitrade, are owned in equal shares by the Ammar brothers. Consistent with Ammar Group's obscure approach to online communications, when we visited Wafex in Lomé, we found its gold office hidden in the “Goodyear Building”, nestled away among mountains of rubber tyres.

#### MM Multitrade SA

MM Multitrade (formerly MM Multitrade Metals SA) was founded in Geneva in March 2012 to act as a service provider for Ammar Group's “refining-related services and operations related to precious metals and currency.”<sup>73</sup> At the time, Ammar Group's gold imports into Switzerland already totalled over 8,000 kg,<sup>74</sup> a quantity they predicted would continue to rise. This Geneva-based company, with a small office near the central station, is run by the 29-year-old son of Elias Ammar, Ziad Ammar. A Lebanese citizen, Ziad lives in Mont Liban, Lebanon. According to his Facebook profile, having obtained a degree in International Business from the University of Westminster, he also likes to spend time in Dubai, Cannes and Monaco.

#### Wafex's office in Lomé, Togo, nestled away among Goodyear's tyres. © M. Guéniat/DB





To separate the gold-bearing material from the silt, debris is washed and panned in sluice boxes. This is a task commonly undertaken by children. // Tikando mine site, 13th August 2015.



TABLE 2: BURKINA FASO'S TAX LOSSES FROM ARTISANAL GOLD SMUGGLING (Berne Declaration's estimates)<sup>80</sup>

		Burkina Faso (FCFA)	Togo (FCFA)	Difference (FCFA)	Difference (CHF)
<b>Export tax on artisanal gold<sup>81</sup></b>	<b>Per 1 g</b>	500	45	455	0.84
	<b>Per 6,904 kg</b> (amount of gold imported into Switzerland from Togo in 2014)	3,452,000,000	310,680,000	3,141,320,000	5,811,442
	<b>Per 7,000 kg</b> (minimum amount estimated to have been smuggled from Burkina Faso to Togo in 2014)	3,500,000,000	315,000,000	3,185,000,000	5,892,250

> Tax loss for Burkina Faso directly connected to Swiss gold supply chain (6.38 million CHF)

> Tax loss for Burkina Faso (6.47 million CHF)

The artisanal gold value chain is complex and involves many actors who are mostly paid, like the miners, for their specific work output, making detailed bookkeeping an unavoidable necessity. We observed this repeatedly at the mines and comptoirs visited: the quantity of mineral ore surrendered to the mine managers and the grams of gold sold to traders are physically documented by at least one party, who often provides receipts for the payments rendered. Under Burkinabé law, comptoirs are required to maintain and report on the quantities of gold traded, produce certificates for every export of gold<sup>82</sup> and use bank accounts unique to their gold trading activities.<sup>83</sup> One gold trader, Iliassa Sawadogo,<sup>84</sup> even explained how he receives funds to buy gold via a common bank transfer from his boss in Ouagadougou.

There is therefore a paper trail for the majority of the transactions in the value chain—documents that could be seized by the Burkinabé authorities to calculate the actual volumes of artisanal gold production and trade, if they so wished.

Instead, they seem to turn a blind eye. Illicit activity of this scale is not possible without the collusion of at least some government officials. “SOMIKA is not the only one [who’s corrupt]”, Lassane Simporé, Secretary-General of the Syndicat des travailleurs des géologies, mines et hydrocarbures, told us, “but he [Adama Kindo, SOMIKA’s CEO] has the closest links to Blaise [Compaoré]”,<sup>85</sup> Burkina Faso’s former President. Indeed, multiple sources have made reference to Kindo’s myriad political connections. According to a journalist who chose to remain anonymous, “there is absolutely no doubt about the connection between Kindo and (former) government officials. I have testimonies from the Ministry of Mines and from the artisanal miners’ union that confirm it.”<sup>86</sup>

Dakar Djiri from EITI further affirmed, “everything [in artisanal gold mining] is fraudulent and corrupt [...] government officials are involved. [Before the revolution] even the people in power, including the President’s wife, sold gold.”<sup>87</sup>

In an interview in Ouagadougou, Sylvain Somé from the Ministry of Mining categorically denied any form of official corruption in the artisanal gold sector,<sup>88</sup> contrary to his colleague’s statement about the need for a “homme de confiance” on the border.<sup>89</sup> He further claimed to have no knowledge of gold being smuggled to Togo.<sup>90</sup> Similarly, SOMIKA’s representatives also denied all allegations of smuggling gold to Togo and evading taxes.<sup>91</sup>

Ammar Group’s profiteering and the apparent impunity of Burkinabé officials do not come cheap for the people of a country ranked 7th least developed in the world.<sup>92</sup> The Group declined to comment on our list of questions.<sup>93</sup> MM Multitrade SA nonetheless clearly acknowledged in an email dated 28th May 2015 that they are fully aware of the due diligence standards they are submitted to:

“As a financial intermediary, our company has been submitted to the relevant Swiss legislation ever since its incorporation. It is affiliated to ARIF<sup>94</sup> and has established Know-Your-Client (KYC) and Know-Your-Product (KYP) procedures in line with ARIF’s guidelines. These procedures are regularly updated and are subjected to ARIF’s strict annual controls.

Moreover, as a counterparty of one of Switzerland’s major (LBMA [accredited]) refineries, our company is also submitted to all of its control procedures. These include not only KYC and KYP procedures, but also, in addition to current legislation, the refinery’s internal regulations, including the relevant international initiatives (“Responsible Gold Sourcing Policy” and “OECD Due Diligence Guidance for Responsible Supply Chains and Minerals from Conflict-Affected and High-Risk Areas and its Supplement on Gold).”

As we explore below, however, the refinery in question’s “control procedures”, “internal regulations” and “international initiatives” appear to be of little effect.

**BOX 5: SOMIKA: OMNIPRESENT IN THE ARTISANAL GOLD SECTOR**

In terms of permits held and gold traded, SOMIKA is Burkina Faso's largest comptoir.<sup>95</sup> It takes its name (an acronym for "Société minière Kindo Adama") from its founder and CEO, El Hadj Adama Kindo.

One might describe Kindo as omnipresent in Burkina Faso, at least in the artisanal gold sector. Alongside his key position at SOMIKA, he is also allegedly involved in the construction of mosques,<sup>96</sup> sponsoring football tournaments, building schools<sup>97</sup> and is the Honorary Consul of Guinea in Burkina Faso.<sup>98</sup> As one local journalist put it, "Kindo is a wealthy businessman who earned his fortune from artisanal gold mining. He is the first and foremost in the sector in Burkina Faso. Back in the day, his access to the cosy offices of the Republic (ministers and presidency) went without question, enabling him to obtain numerous exploitation permits very, very easily."<sup>99</sup>

In 2013, the online newsletter, *Africa Mining Intelligence*, detailed a long list of Kindo's influential political connections.<sup>100</sup> These statements have been backed up by multiple sources,<sup>101</sup> one of whom provided anecdotal evidence that Kindo gave a percentage of his fruits to a (former) Minister of Mines and other "personalities".<sup>102</sup>

His function as Honorary Consul of Guinea, on the other hand, is highly questionable. Guinea's Consulate in Geneva confirmed that, to their knowledge, no such service exists in Burkina Faso.<sup>103</sup> As another local journalist explained,

"what you must remember is that people like Kindo don't give a damn about formalities. It's the title and all the advantages it brings that's important."<sup>104</sup>

Under Swiss law, such claims would classify Kindo as a politically exposed person, or "PEP",<sup>105</sup> and require heightened vigilance from his business counterparties—demands that appear to have washed over Valcambi and Ammar Group's management.

When we met representatives from SOMIKA in Ouagadougou in March 2015, they denied all allegations concerning the company. In April and May 2015, we twice contacted SOMIKA's management, including Adama Kindo, by email and telephone for comment—to no avail. Its website (once [www.somika.net](http://www.somika.net)) has since disappeared.

**SOMIKA's office in Ouagadougou, Burkina Faso.** © P. Dörrie



## 2.3 ON SWISS SOIL: ASK NO QUESTIONS AND THEY'LL TELL US NO LIES

### 2.3.1 Smooth Sailing through Swiss Customs

Ammar Group's gold leaves Lomé on an Air France flight for Zurich, Switzerland, via Paris Charles-de-Gaulle. Movie-style images of one-man-and-his-suitcase smuggling illicit goods pale in comparison to this large-scale, organised supply chain of what is now (since Ammar Group's purchase in Lomé) "legal" gold. Indeed, it would take Wafex's staff six trips with gold-stuffed hand and hold luggage to carry the monthly average of 314 kg into Switzerland, according to our calculations.<sup>106</sup>

Upon arrival at Zurich airport, little happens in terms of controls. The Swiss customs authorities rely on the sender or importer—in our case Wafex or MM Multitrade, both part of the Ammar Group—to declare the weight, value, provenance, sender/importer, carrier and destination of the gold; information that is automatically electronically transferred. They do not ask for its origin.<sup>107</sup> The gold is moved on freely to its destination—Valcambi in Ticino.

Occasionally, batches of imported gold are blocked by customs. Only then are they submitted to physical verification. This occurs if the gold falls within a sample identified by the Swiss Customs Administration's (AFD) risk analysis procedure. A customs officer from AFD's headquarters in Berne explained to us how the risk associated with mined gold imports is evaluated:

"[It] is calculated according to multiple criteria, including the gold's purity, provenance, importer and destination. The risk connected to the importer and destination entity is kept up-to-date according to available information. These criteria are integrated into an electronic system and become "rules" that are automatically imposed according to the auto-declaration for each gold import. If the mined gold import corresponds to these criteria, the declaration will be blocked and submitted to what we call a "formal" control and, potentially, a material control (physical verification of the goods)".<sup>108</sup>

The "multiple criteria" referred to is defined by AFD in Berne in conjunction with intelligence from the State Secre-



Women and girls are forbidden from descending the shafts, but occupy other functions on the site, such as panning for gold. They are often accompanied by their children. // Tikando mine site, 13th August 2015.





tariat for Economic Affairs (SECO), the Federal Office of Police (FEDPOL) and the local customs office, “among others”, he told us. “If, all of a sudden, the destination entity (i.e. the refinery) changes its sourcing policy, the imports of gold headed in its direction would be submitted to a material control. If the destination entity is a regular and reliable client, the material controls are conducted less frequently. Both the refinery and the importer are responsible for the manner in which they conduct their due diligence.”<sup>109</sup>

He was not willing to discuss the procedure in any more detail. We were able to confirm, however, that no questions are posed by Swiss customs on the gold’s origin; moreover, that the Central Office for Precious Metals Control (CMP) does not conduct any controls on mined gold imports.

Gold, he told us, is a “very delicate subject—more than a very delicate subject.”

These findings raise serious questions about the effectiveness of Swiss customs controls. One seasoned Swiss gold trader recounted how, despite having imported thousands of kilograms of West African artisanal gold, “Swiss customs never blocked, nor posed questions on, [my company’s] imports.” Despite the legal provisions in Switzerland pertaining to money laundering,<sup>110</sup> in reality little is done to verify the gold’s supply chain upon its arrival in the country. Swiss customs rely on the refinery to conduct due diligence before the ingots are melted into anonymous, origin-less gold bars, subsequently placed onto the global marketplace. If the refinery is a long-term partner—as is the case with Valcambi—Swiss customs, like Ammar Group, operate on an “ask no questions” basis. As we explain below, however, Valcambi falls far short of its very own supply chain policy.

### 2.3.2 Valcambi: Silence is Golden

Valcambi first published its Precious Metals Supply Chain policy (PMSC) in 2012.<sup>116</sup> According to this document, its operations are “strictly in accordance with” the OECD Due Diligence Guidance and Supplement on Gold, and the LBMA Responsible Gold Guidance. The refinery proudly states on its website<sup>117</sup> how it strives to “set an example when it comes to ethical values and professional standards [...] following them in everything we do, everyday, everywhere we work”. It allegedly “conducts all its business with the highest ethical, moral and social responsibility standards”, built on a “foundation” of transparency.<sup>118</sup>

In its own words,<sup>119</sup> the refinery commits to:

- “Combat systemic or widespread abuses of human rights”;
- “Avoid bribery and the fraudulent misrepresentation of the origin of precious metals”;
- “Neither *tolerate*, nor by any means *profit from*, *contribute to*, *assist with* or *facilitate* the commission by any party of [...] any unlawful form of child labour” (art. 1c.)

### BOX 6: VALCAMBI SA

Valcambi’s origins date to 1961, when it was incorporated as Valori & Cambi in Balerna, Ticino, by a group of private Swiss investors. In 1968 it was bought by Credit Suisse, which owned it until the early 2000s when it was sold to European Gold Refineries (EGR), whose shareholders until mid-2015 were Newmont Mineral Holdings (60.6%) and undisclosed private investors (39.4%). In July 2015, Newmont sold its share. According to Valcambi’s website, EGR is now fully owned by Global Gold Refineries AG, itself owned by REL Singapore PTE Ltd. (95%), a rather inconspicuous company based in Singapore, and Rajesh Exports Limited India (5%), India’s biggest exporter of gold jewelry.<sup>111</sup>

Valcambi describes itself as a “boutique refinery”. Alongside Argor-Heraeus, Metalor and PAMP, it is one of Switzerland’s “big four”. Unlike others that may also be involved in trade or retail distribution, its operations focus purely on refining. According to its website, its clients include “some of the largest mining companies in the world, premium luxury watch manufacturers, the largest international banks, governments and central banks”.

In their own words, “in Switzerland and beyond: our firm deliberately keeps a low profile, but has over the years become a key player in the precious metals refining industry”.<sup>112</sup> Indeed, today it is the largest Swiss refinery<sup>113</sup> in terms of processing capacity, refining approximately 2,000 tonnes of precious metals per year.<sup>114</sup> Certain industry analysts even claim it is the world’s largest, in terms of gold refining capacity.<sup>115</sup>

(emphasis added) and not to “enter into any business relationship with, or immediately suspend or discontinue engagement with [...] counterparties where we identify a reasonable risk that they are sourcing from, or are linked to, any party committing [such] serious abuses” (art. 2);

- “Systematically perform enhanced due diligence practices, including the Know Your Customer process [...] before entering into a business relationship with any precious metals supplying counterparties” (art. 8);
- “Implement a management strategy to respond to identified risks” (art. 8); and to
- “Refuse to source precious metals from [...] any counterparties which do not comply with local and international laws [...]” (art. 9).

As detailed in Box 8, under the OECD and LBMA guidance Valcambi is required to implement a 5-step risk-based due diligence procedure. The refinery claims to have fully complied with all five steps in its 2014 Compliance Report.<sup>120</sup> It further claims to have “the ability to ensure the

highest traceability standards *over the entire Supply Chain* in regards to information, documents and actors related to *every single lot* of precious metals-bearing material which we process” (emphasis added).

These are anything but modest public commitments, yet they seem to be far from reality. Originating from mines run on what the ILO terms the “worst forms of child labour” and a country where governance is weak and corruption endemic,<sup>126</sup> Valcambi’s gold clearly originates from a “high-risk” or “red flag” location. Even if the refinery failed to identify the gold’s origin as Burkina Faso, the simple

fact that Togo produces no gold should have raised a major red flag for the compliance team, triggering its “enhanced” due diligence measures.

Indeed, in July 2015 the compliance team of another major Swiss refinery explained to us how, for them, “third party sourcing is an aggravated risk. The more intermediaries there are, the more problematic it is.” They added that an intermediary based in Switzerland, such as MM Multitrade, would only “enhance the risk due to its [the intermediary’s] distance from the business activities and extraction processes on the ground”, and hence its reduced oversight of the supply chain. Ammar Group’s location in Lomé and Geneva didn’t appear to be problematic for Valcambi, which explicitly stated that it did not identify a high-risk counterparty in its gold supply chain during 2014.<sup>127</sup>

#### BOX 7: THE OECD AND LBMA’S 5-STEP DUE DILIGENCE GUIDANCE

The OECD DD Guidance and its Supplement on Gold were finalised in 2012 by a group of governments, companies and NGOs with the goal of delinking the trade in minerals from perpetuating or contributing to human rights abuses and conflict.<sup>121</sup>

Depending on their position in the supply chain, companies are required to identify the origin of the minerals they buy, assess the conditions of mining, trade and transportation, and ensure that the minerals they trade are not providing a source of funding for armed groups or criminal networks.<sup>122</sup> The OECD’s Guidance is today considered the international benchmark for risk-based supply chain due diligence.<sup>123</sup>

The LBMA’s “Responsible Gold Guidance”, released in January 2012, is an industry-led initiative that operationalises the OECD DD Guidance for refiners. It is mandatory for all LBMA “good delivery”-accredited refiners, including Valcambi.

Both the OECD and LBMA guidance recommend that companies:

1. **Establish strong company management systems**, including a supply chain policy and grievance mechanism.
2. **Identify and assess risks in the supply chain.** This begins by determining the origin of the gold.
3. **Design and implement a strategy or management plan to respond to identified risks** on an ongoing basis, i.e. if red flags are identified in the origin and transit locations of the gold.
4. **Carry out an independent third-party audit of supply chain due diligence.**
5. **Report annually on supply chain due diligence.**

According to the OECD,<sup>124</sup> steps 3–5 only apply to companies sourcing gold from conflict-affected or high-risk areas. Both Burkina Faso and Togo constitute high-risk or “red flag” areas.<sup>125</sup>

How could an industry leader, such as Valcambi, have overlooked these issues? Moreover, how could the refinery’s auditors, the international services firm KPMG, vouch for its compliance with the LBMA Guidance in light of this business model?

It’s not only Togolese gold imports that pose few problems for Valcambi: our seasoned Swiss gold importer explained to us how the refinery only once requested clarification on the origin of his company’s imports. Upon receipt of their email, he replied that he would answer later. He never heard back. “Valcambi’s compliance procedures are very, very weak in comparison to other refineries. It has its eyes firmly shut”,<sup>128</sup> he told us.

The Swiss refinery is clearly not adhering its very own Precious Metals Supply Chain Policy or international and industry standards. Its compliance reporting appears to closer resemble a PR stunt than an effective commitment.

As for KPMG, in light of the issues revealed in this report, its audit conclusions are highly questionable. We contacted the firm for comment in July 2015. They referred us to their assurance report published on Valcambi’s website and told us to address our questions to the refinery directly.

We contacted Valcambi with a series of questions (see Annex 3) on this void between what appears to be lofty rhetoric and the reality discovered over the course of our research. Despite offering them a large window for response, they declined to comment.

### 3. CONCLUSION

In 2013, the Swiss government itself recognised the risks associated with the country's important role in the gold industry. In its own words, these include importing and refining gold that originates from illicit mines and that participates in the financing of organised crime, environmental pollution and child labour.<sup>129</sup>

Unfortunately, these words of caution do not appear to have materialised into concrete practice. The Swiss authorities continue to rely on the industry's voluntary initiatives, which, as this report has shown, are not sufficient.

Every year, Switzerland imports tonnes of gold from Togo, a non-producer country. This gold originates from Burkina Faso, where it is extracted by children working under abysmal conditions. At least 7 tonnes are exported illegally every year, depriving the Burkinabé state and population of crucial revenue that could have been directed towards heaving the country out of poverty. Instead, through SOMIKA, other comptoirs and Ammar Group's smuggling alliance, it is enriching the pockets of a Burkinabé and Lebanese elite, all of whom are operating with total (moral) impunity.

Despite its place on the LBMA's "good delivery list" and numerous public statements about adhering to international standards, Valcambi is profiting from this dirty trade. Its lofty rhetoric used to reassure business partners and gloss the pages of its website and annual reports is, in practice, nothing more than just that. The refinery has not only infringed international standards, but also its very own supply chain policy—so far, to no consequence. It is doing so right under the noses of its auditors and the Swiss authorities.

Ignorance is indeed bliss, particularly when it oils the wheels of a billion-dollar industry. When it comes to mined gold of foreign origin, the Swiss customs authorities "prefer not to know".

The guidance tools are out there. We have shown that, even with the meagre resources and access of a small NGO, it is possible to trace the origins of mined gold. With a pinch of will and minimal cooperation between supply chain actors, it is a reasonable expectation that companies know and repeatedly verify the source of their gold. This should be a legal obligation.

**Artisanal gold mining is an important source of income for many of Burkina Faso's rural population. However, while Valcambi waxes lyrical about its ethical sourcing policies, the sector's negative impacts are concentrated among the local population. // Alga mine site, 11th August 2015.**





Adults and children handle mercury, unprotected and on a daily basis. Excessive mercury exposure seriously harms the digestive and immune systems, lungs and kidneys. Many are unaware of the chemical's toxic impacts and how to mitigate them. // Alga mine site, 11th August 2015.

## 4. FULL RECOMMENDATIONS

The Berne Declaration is not calling for a boycott of artisanal gold from Burkina Faso. We fully acknowledge that artisanal and small-scale gold mining is an important livelihood source where state structures are weak and poverty is high. However, business in such contexts requires a clear set of standards and vigilance from all parties, as detailed—to a certain extent—by existing guidelines.

Yet, these guidelines are weak and full of loopholes (see Annex 1). They are not being sufficiently implemented or controlled, and companies are not being properly sanctioned for breaches.

Below, we offer a series of recommendations to the key parties implicated at the international level and in Switzerland.<sup>130</sup>

### 4.1 TO THE OECD AND LBMA

- **Extend the guidance tools to include all companies sourcing mined gold, not just those operating in high-risk or conflict-affected locations.**
- **Provide clear guidance for companies on how to conduct child labour due diligence in their mineral supply chains.**
- **The LBMA should ensure that its “enhanced due diligence” measures for gold from high-risk locations are required the length of the supply chain, from mine to refinery, irrespective of whether it is artisanal and small-scale mining (ASM) or industrial gold.** The caveats introduced for the ASM sector should be abolished (*cf.* Annex 1).
- **Ensure that companies are properly sanctioned for breaching the guidance.** For example, companies should be immediately taken off the LBMA’s “Good Delivery” list until they have publically proven that they have sufficiently corrected and remedied the problems encountered.

### 4.2 TO THE SWISS AUTHORITIES

#### 4.2.1 On Human Rights Supply Chain Due Diligence

The Federal Council should:

- **Legally oblige companies to conduct due diligence over their entire supply chain to ensure that the gold that they purchase does not cause, contribute to, or is not directly**

**linked to, human rights violations.** Mandatory human rights due diligence would require Valcambi to conduct and review on a regular basis extensive due diligence procedures. It would be legally obliged to identify the true origin of its gold and would be sanctioned for overlooking this.

#### 4.2.2 On Anti-Money Laundering Due Diligence

Switzerland’s Anti-Money Laundering Act (AMLA) requires companies active in the gold sector to conduct due diligence and flag any cases where doubts arise regarding the legal origin of the gold they purchase or refine.<sup>132</sup>

However, as the Federal Council explained in its response to Interpellation 06.1022,<sup>133</sup> for semi-refined or mined gold imports (as in our case), “in line with article 157 paragraph 2 of the PMCO [Precious Metals Control Ordinance], it suffices to prove that the metal is of foreign origin”. The Federal Council deems the AMLA’s requirements to identify and communicate the origin of mined gold as unnecessary because “they would require enormous time and resources”.<sup>134</sup> Overall, the PMCO significantly waters down the information required from refineries.

The Federal Council should:

- **Fully implement existing procedures under the Anti-Money Laundering Act (AMLA) that oblige refineries to verify the legal origin of all imported gold.**
- **Legislate for wide reaching due diligence procedures to prevent the purchase of, or trade in, illegally acquired commodities, especially in the case of mined gold.**
- **Ensure that all relevant information is made available to the Federal Customs Administration, inspectors and all authorities tasked with ensuring that companies active in the gold sector correctly apply the AMLA.**

#### 4.2.3 On Gold Import and Customs Procedures

As detailed in section 2.3.1, the Federal Customs Administration (FCA) conducts a series of controls on imported gold. Yet, it only requires the gold’s provenance (not origin) to be declared by the sending or importing company. Similarly, though Switzerland’s gold trade statistics have finally been made public, the countries listed are generally countries of transit or provenance, not origin. The true source of Switzerland’s gold remains far from transparent.

The Federal Customs Administration should:

- **Require gold-importing companies to declare both the provenance and origin of mined gold and make this information publically available.**

Overall, the Berne Declaration has proposed comprehensive due diligence mechanisms that could be adopted for the gold sector in its model supervisory authority for the Swiss commodity market, ROHMA (see Box 9).

#### 4.3 TO VALCAMBI

We recognise that it would take time to implement the recommendations detailed in sections 4.1 and 4.2, and acknowledge that a sustained effort is required by all parties to overcome the problems highlighted in this report. In the short term, refineries should take immediate steps to clean up their gold supply chains. Positioned at a key bottleneck in the supply chain, they have a crucial role to play in developing and implementing due diligence procedures.

According to the UN Guiding Principles on Business and Human Rights (UNGPs), companies must act on the findings from their due diligence procedures to prevent, report on and remedy any adverse issues. As the UNGPs clearly advocate, “cut and run” should be an absolute last resort. Business entities should only be excluded from the supply chain if they repeatedly violate their responsibilities. In line with the UNGPs, Valcambi should:

- **Fully implement its Precious Metals Supply Chain Policy with immediate effect.**
- **Strengthen its due diligence procedures to identify child labour and other human rights risks in the gold supply chain**, including by having a strong company policy on how to address human rights risks.

#### BOX 8: A SWISS INITIATIVE FOR RESPONSIBLE BUSINESS

The “Responsible Business Initiative”, a political initiative launched in Switzerland in April 2015 and supported by over 70 NGOs, calls for binding human rights due diligence. Through mandatory implementation of the UN Guiding Principles on Business and Human Rights,<sup>131</sup> Swiss companies would be required by law to conduct human rights due diligence along their entire supply chains and publically report on this.

Please see [www.ladb.ch/initiative](http://www.ladb.ch/initiative) for more information.

- **Design and implement a remediation plan with Ammar Group** to ensure that the latter (see section 4.4):
  - Adopts and fully implements human rights due diligence in line with the UNGPs, including annual, independent and qualified third party monitoring and regular public reporting;
  - Uses its leverage to ensure that the ASM mines it sources from cease to operate using the worst forms of child labour and to push for better mine management;
  - Adopts a Code of Conduct that all suppliers must commit to and take concrete steps towards implementing;
  - Purchases and exports the gold directly from its country of origin, particularly given its existing business infrastructure in Ouagadougou; and
  - Ensures that all gold purchased has been acquired in a legal manner and has been taxed according to Burkinabé law.
- **Annually publish independent reports on its supply chain due diligence.** These should detail the supply chain risks encountered as they relate to each step in the OECD Guidance and how these were addressed.

#### 4.4 TO AMMAR GROUP

- **Adopt and fully implement human rights due diligence in line with the UNGPs**, including annual, independent and qualified third-party monitoring and regular public reporting.
- **Use its leverage to ensure that the ASM mines it sources from cease to operate using the worst forms of child labour.** This could be done by designing, implementing and regularly monitoring a child labour phase-out plan in partnership with local actors.
- **Use its leverage to push for better mine management**, including stronger safety measures, such as bans on night access to artisanal mines and the provision of better safety equipment.
- **Adopt a Code of Conduct that all suppliers must immediately commit to and take concrete steps towards implementing.** This should clearly specify: that work in artisanal gold mining is hazardous and prohibited for anyone under the age of 18 years; that the policy is in effect throughout the supply chain in all countries; and that where local laws afford lesser protection, the company policy is overriding.
- **Purchase and export gold directly from its country of origin**, particularly given its existing business infrastructure in Ouagadougou.
- **Ensure that all gold purchased has been acquired in a legal manner and has been taxed according to the law in its**

**country of origin.** This could be done by requesting and accurately maintaining full chain-of-custody documentation, including tax receipts. The authenticity of the documents provided as evidence of this should be verified. Where authentic documents are not available, gold should not be purchased.

#### BOX 9: ROHMA

In September 2014, the Berne Declaration sparked debate on regulation of the Swiss commodity sector by devising a fictitious supervisory authority inspired by FINMA, Switzerland's financial market supervisory authority.

As an independent authority, ROHMA (from the German, *Rohstoffmarktaufsicht*) would supervise and regulate all commodity production and trading companies based in Switzerland, including gold refineries and importers. It would ensure that these companies carry out enhanced due diligence practices to prevent the trade of illegal commodities and those that have been acquired in violation of human rights or environmental standards, or through business partners trading with politically-exposed persons (PEPs). It would also ensure that companies meet all legal and regulatory requirements on an ongoing basis.

For more information, see [www.rohma.ch/en](http://www.rohma.ch/en).

Many sites have resident gold traders who compete for a share of the miners' output. As the miners seldom leave the site themselves, they rely on a number of independent traders to ensure competitive prices.  
// Alga mine site, 11th August 2015.





A small smelter is used on-site to pre-refine gold bars. // Kongoussi, 16th August 2015.

Gold is sold on to trading intermediaries ("comptoirs d'achat"), some of whom smuggle it, untaxed, over the border to Lomé, Togo, where it is exported by Ammar Group to Switzerland. In 2014, 6,904 kg of gold was imported into Switzerland from Lomé. // Kongoussi, 16th August 2015.





## ANNEX 1

ONE STEP FORWARD, TWO STEPS BACK:  
SHORTFALLS IN THE OECD AND LBMA GUIDANCE

The OECD's move to draft mineral-specific guidance was a major step forward. Moreover, through the LBMA guidance, the gold industry itself has highlighted the importance and challenges of due diligence in the sector, and taken steps to address these.

Yet, for the artisanal and small-scale mining (ASM) sub-sector, both guidance tools include a range of caveats and exemptions. They often use ambiguous language and phrasing that is open to broad interpretation. For companies with good intentions making genuine efforts to implement them, this is problematic, practically speaking; for those with more dubious intentions, it allows for bad practice.

For example, in the OECD Guidance, the definition of what constitutes a "high-risk" location is left to the discretion of the company in question. The minimal clarification provided is not consistent between the Guidance (Box 1 on p.8) and the Gold Supplement. Overall, if the company itself does not identify the risk as high then, in the eyes of the OECD, its supply chain due diligence can be legitimately limited to its direct suppliers only. The Gold Supplement further details that "companies should not report risks identified with potential suppliers with whom they have not done any business". In practice, this would hinder information sharing and cooperation across the industry, otherwise defined as "best practice". Throughout the Supplement, companies are gently reassured that they will be "compliant" as long as they make "good faith efforts". Again, the OECD does not define what constitutes a "good faith effort".

The LBMA Guidance's language is less ambiguous. Instead, it includes a range of caveats for the ASM sector. For example, it goes so far as to state that "the assessment of risk in a supply chain begins with the origin of gold", defined in the glossary as the mine. Yet, under its "enhanced due diligence" measures for ASM gold from high-risk locations, it caveats that this only needs to be done from the gold exporter to the refinery; only for industrial mining do its "enhanced due diligence" measures include companies from the mine to the refinery. In other words, in the eyes of the LBMA, companies operating in the highest-risk locations have lighter due diligence requirements.

In doing so, the guidance tools for the ASM sector have the potential to do more harm than good. They may pro-

vide companies with the opportunity to publically state that they "comply" with international standards, while in fact continuing business as usual. As we have seen with Valcambi, the OECD and LBMA Guidance have proved pivotal in their PR strategy, while both are yet to materialise into concrete practice.

Overall, despite the existence of these tools, controls on their implementation are weak and companies are not sanctioned in cases of breach. Clearly, voluntary measures do not address the issues raised in this report. It is time for mandatory human rights due diligence.

## ANNEX 2

## GLOSSARY

**Artisanal and small-scale mining (ASM)**

Formal or informal mining operations with simplified forms of exploration, extraction, processing and transportation. ASM is normally low capital intensive and uses high labour intensive technology. It can include men and women working on an individual basis or in family groups, in partnership or as members of cooperatives or other types of legal associations, and enterprises involving hundreds or even thousands of miners.<sup>135</sup>

**Child labour**

Work that deprives children of their childhood, potential and dignity, and that is harmful to their physical and mental development. It refers to work that is mentally, physically, socially or morally dangerous and harmful to children, or that interferes with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely, or requiring them to attempt to combine school attendance with excessively long and heavy work.<sup>136</sup>

**Due diligence**

An ongoing, proactive and reactive process through which companies can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of business decision-making and risk management systems.<sup>137</sup>

**Gold origin**

The mine where the gold ore was extracted from the ground.

**Gold provenance**

The country from which the gold was exported. This may be a transit (e.g. Togo) or producer country (e.g. Burkina Faso).

**Mined gold**

Any gold or gold-bearing material produced by or at a mine (large-, medium- or artisanal and/or small-scale mines), in any form, shape and concentration, until it is fully refined to .995 or greater, fabricated into a gold refinery product (e.g. bar, grain) and sold.<sup>138</sup> ASM gold is a sub-category of mined gold.<sup>139</sup>

**Worst forms of child labour**

As defined by the International Labour Organisation (ILO) Convention No. 182, this includes: (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict; (b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances; (c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties; (d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children. It includes any labour that jeopardises the physical, mental or moral well-being of a child and applies to all individuals under the age of 18 years old.<sup>140</sup>

## ANNEX 3

## QUESTIONS ADDRESSED TO VALCAMBI

(sent via email on 11.6.2015)

In line with Valcambi's 2014 Compliance Report and Precious Metals Supply Chain Policy, the below questions are laid out according to the OECD and LBMA's due diligence guidelines and 5-step procedure.

**General Questions**

1. Our documents detail the relationship between Valcambi SA and Ammar Group/STE Wafex Sàrl/MM Multitrade SA. To when does Valcambi's relationship with Ammar Group/Wafex date?
2. Our sources further show that since mid-2014, Ammar Group/Wafex/MM Multitrade has had a monopoly over Switzerland's gold imports from Togo. Does Valcambi agree with this statement?
3. According to the Swiss Customs Administration, 6,904 kg of gold was imported into Switzerland from Togo in 2014. In 2012, this figure was 13,062 kg – 70% of all Togo's gold exports. Our sources show that the entirety of this mined gold was refined by Valcambi. Are these figures correct?
4. Please describe the Know Your Customer (KYC) procedure (PMSCP, p. 5, art. 8) carried out on Ammar Group/Wafex/MM Multitrade SA, and please set out the extent to which this procedure complies with the LBMA KYC guidance? Were all three entities covered by the procedure?
5. How often does Valcambi repeat its KYC procedures with respect to particular business partners? How many times has Valcambi conducted its KYC procedure on Ammar Group/Wafex/MM Multitrade SA?
6. Which entity/ies are Valcambi's formal counterparty/ies?
7. Question 3 of Valcambi's Pre-KYC form (KYC Step 1) asks its counterparties whether they have established policies and procedures designed to meet and implement the LBMA Responsible Gold Guidance and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk areas and its Supplement on Gold. How did Ammar Group/Wafex respond to this question? Did Ammar Group/Wafex send Valcambi a copy of its responsible gold policy (question 4)?
8. Only Step 1 of Valcambi's KYC is available online. What does Step 2 entail?
9. Assuming Valcambi's KYC procedures are in line with the LBMA KYC guidance, how did Valcambi evaluate its counterparty's response, notably to:
  - 6(c) and 8(m) on child labour regulation and procedures at the mining sites to prevent child labour;
  - 6(d) on the use of public security forces on or around the mining sites;
  - 8(j) on safety procedures and systems of personnel at mining sites;
  - 8(k) and 9(j) on environmental impact at the mining sites and processing plant?
10. Did Ammar Group/Wafex provide Valcambi with a copy of its licences to import gold into Togo and its Burkina Faso-based counterparties' licences to trade and export gold from Burkina Faso? Did these licences cover all the mine sites where the gold is sourced from and did they cover the full quantity of gold Ammar Group/Wafex trades? What did Valcambi do to verify these answers?
11. Given Valcambi's commitment to review the business practices not only of its counterparties, but also of its counterparties' counterparties (PMSCP, p. 4, art. 2), please describe the steps Valcambi took to evaluate SOMIKA's business practices. Is Valcambi aware that SOMIKA has been at the centre of several serious allegations in the past?

**Questions Pertaining to Step 2: Identify and Assess Risks in the Supply Chain, and Step 3: Design and Implement a Strategy to Respond to Identified Risks**

The LBMA Responsible Gold Guidance (Step 2, p. 6) clearly states, "the assessment of risk in a supply chain begins with the origin of gold".

12. When Valcambi undertook its “strengthened risk assessment” of the aforementioned supply chain (Compliance Report 2014, p. 4), did it identify any red flags? How did it assess these risks?
13. Did Valcambi subject Ammar Group/Wafex to its enhanced due diligence practices given the higher-risk location of their operations (Compliance Report 2014, p. 5)? If so, please explain what these enhanced due diligence practices entailed.
14. Please detail the management strategy Valcambi implemented to respond to the identified risks (Compliance Report 2013, p. 5).
20. Did Ammar Group/Wafex commit to, and acknowledge in writing its/their compliance with a supply chain policy consistent with Annex II of OECD (*cf.* PMSCP, p. 5, art. 12)?
21. Valcambi states that its “strengthened risk assessment process prohibits entering into any business relationship with any counterparty that has not fully complied with all requirements stated in its Precious Metals Supply Chain Policy” (Compliance Report 2014, p. 5). Does Valcambi judge Ammar Group/Wafex to have fully complied with its PMSCP?
22. Has Valcambi ever undertaken spot checks on, or employed an on-the-ground assessment team to generate and maintain information on its supply chain in Togo and Burkina Faso (*cf.* OECD Supplement on Gold, p. 80)? If not, why not? If so, what were the findings?

More specifically:

15. What steps did Valcambi take to identify the origin of the gold, i.e. where the mines are located (LBMA, p.1)? How often did Valcambi repeat this exercise over the course of its relationship with Ammar Group/Wafex?
16. If Valcambi did not identify any red flags, please explain why not given:
  - a) either
    - i) Valcambi identified the origin of the gold to be Burkina Faso, which constitutes a high-risk area, or
    - ii) Valcambi did not successfully identify the origin of the gold and hence recorded its provenance to be Togo, which is a country that has limited known reserves or stocks, likely resources or expected production levels of gold (*cf.* OECD Supplement on Gold, p. 79, 88); and/or
  - b) that both Togo and Burkina Faso are countries where anti-corruption laws, customs controls and other relevant government oversight laws are weakly enforced (*cf.* OECD Supplement on Gold, p. 79, 88).
17. Since 2012, Burkina Faso has officially produced around 900–1,000 kg of artisanal gold per year. Our sources suggest that (*cf.* question 3 above), in 2014, Valcambi refined 6,904 kg of artisanal gold exported from Togo by Wafex. Even if a proportion of this gold derives from places other than Burkina Faso, the significance of the discrepancy between these two figures suggests that a proportion of this gold has not been officially declared in Burkina Faso and, therefore, not taxed according to national laws. Was this a red flag for Valcambi? What did Valcambi do to evaluate and mitigate this risk?
18. How does Valcambi evaluate the artisanal mining conditions in Burkina Faso?
19. Is Valcambi aware that child labour is widespread in Burkina Faso’s artisanal mines and that the Burkinabé government has categorised this child labour as unlawful?

#### **Questions Pertaining to Step 4: Carry Out Independent Third-Party Audit and Step 5: Report Annually on Supply Chain Due Diligence**

23. Has Valcambi ever produced a Corrective Action Plan (*cf.* LBMA, p. 12) or its equivalent for the risks identified in the aforementioned supply chain? If so, please kindly provide us with a copy. If not, why not?

#### **Other Questions**

24. Does Valcambi always purchase gold from Ammar Group/Wafex, or is it sometimes purely a tolling partner?
25. Please explain the added value of the “Green Gold” products given Valcambi’s commitment that all of its gold is fully traceable and sourced in line with the highest ethical, moral and social responsibility standards.
26. Will Valcambi reassess its business relationship with Ammar Group/Wafex in light of the above?
27. What steps will Valcambi take to fully implement its Precious Metals Supply Chain Policy?

## NOTES

- 1 FDFA, FDF&EAER, “Background Report: Commodities: report of the interdepartmental platform on commodities to the Federal Council”, 27.3.2013.
- 2 Throughout this report we refer strictly to mined gold (see glossary). This is imported into Switzerland under tariff number 7108.12 (“Gold, incl. gold plated with platinum, in unwrought forms, for non-monetary purposes [excl. gold in powder form]”). See: [www.swiss-impex.admin.ch/pages/bereiche/waren/query.xhtml](http://www.swiss-impex.admin.ch/pages/bereiche/waren/query.xhtml). Accessed 9.6.2015.
- 3 Swiss Customs Administration, “Trade in Gold Data”. Accessed 9.6.2015.
- 4 Figure reported by Frédéric Panizzutti, spokesman of MKS (Switzerland) SA in “Switzerland: the world’s gold hub”, Daniele Mariani, SwissInfo, 12.10.2012.
- 5 FDFA, FDF&EAER, “Background Report: Commodities: report of the interdepartmental platform on commodities to the Federal Council”, 27.3.2013, pp. 2, 21.
- 6 Human Rights Watch, “The Curse of Gold”. Accessed 1.6.2005.
- 7 TRIAL, “TRIAL files a criminal denunciation to the Swiss Federal Prosecutor against a Swiss refinery company suspected of laundering looted gold from the Democratic Republic of the Congo”, 4.11.2013. See also: [www.ladb.ch/medias/communiquede-presse/press/or\\_sale\\_rafine\\_en\\_suisse\\_lignorance\\_ne\\_doit\\_pas\\_etre\\_gage\\_dimpunite/](http://www.ladb.ch/medias/communiquede-presse/press/or_sale_rafine_en_suisse_lignorance_ne_doit_pas_etre_gage_dimpunite/). Accessed 15.6.2015.
- 8 Martine Brocard and Marie Maurisse, “Die Schweiz profitiert von blutigem Gold aus Peru”, SonntagsZeitung, 22.9.2012.
- 9 Human Rights Watch, “A Poisonous Mix: child labour, mercury and artisanal gold mining in Mali”. Accessed 6.12.2011.
- 10 Interview in Geneva, 2.12.2014.
- 11 Indeed, Valcambi is not the only refinery with problematic practices, nor is it the only Swiss refinery refining gold from Burkina Faso. We focus on Valcambi in this report as it is the only refinery refining Ammar Group’s gold in Switzerland. The case detailed in this report is broadly illustrative of the problems pertaining to the sector as a whole.
- 12 Natural Resource Governance Institute, “Resource Governance Index 2014: Burkina Faso”. Accessed 15.6.2015.
- 13 Federal Customs Administration, gold trade data, accessed 17.6.2015; UN Comtrade data for 2014. Accessed 17.6.2015.
- 14 See: Senepius, “Burkina: 5 morts et une dizaine de disparus dans l’éboulement d’une mine d’or artisanale”, International”, 4.5.2015; PressTV, “14 killed, 10 injured in Burkina Faso mine accident”, 4.12.13. Accessed 15.6.2015.
- 15 World Bank, “Country Indicators, % of population in rural areas: Burkina Faso, 2014”. Accessed 15.6.2015.
- 16 See table 2 in section 2 of this report.
- 17 Swiss Development and Cooperation Agency, “Burkina Faso: Swiss International Cooperation”, last updated 3.3.2015. Accessed 2.6.2015.
- 18 Luigi Arnaldi et al., “Comment améliorer la gouvernance du secteur minier en abordant les enjeux locaux ? Le cas du Burkina Faso” June 2011, p. 1.
- 19 UNDP “Human Development Index 2014”. Accessed 9.6.2015.
- 20 In this report, we make the distinction between provenance and origin – please see glossary in annex 2.
- 21 Federal Customs Administration, “Press Release–Foreign trade of gold: first publication broken down by country since 1980”. Accessed 20.2.2014.
- 22 Swiss Customs Administration, “Trade in Gold Data”. Accessed 9.6.2015.
- 23 SRF, “Erste Schweizer Goldstatistik seit 1981 besänftigt Kritiker nicht”, 20.2.2014, accessed 11.6.2015.
- 24 Geneva Business Registry. Accessed 10.6.2015.
- 25 In 2011, Human Rights Watch found Decafin SA to be purchasing gold sourced from mines run on child labour in Mali. See: Human Rights Watch, “A Poisonous Mix”, 2011.
- 26 Further to visiting their offices in Ouagadougou and Lomé in March and April 2015 and multiple phone call attempts, we first contacted Ammar Group’s senior management for comment by email in April 2015. We first contacted Valcambi in May 2015, sent a detailed list of questions in June and offered them a reasonable deadline for response. We first contacted Arab Bank (Geneva) in May 2015, but they refused to comment.
- 27 UN Guiding Principles on Business and Human Rights, 2011. Accessed 29.6.2015.
- 28 OECD, “Guidelines for Multinational Enterprises”, 2011.
- 29 OECD, “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”, 2011.
- 30 LBMA, “Responsible Gold Guidance”, 2012.
- 31 Swiss Customs Administration, “Trade in Gold Data”. Accessed 9.6.2015.
- 32 This is a conservative estimate based on a number of sources, including interviews with industry insiders and projections calculated based on the output of several mines we visited. For example, if the average output of Burkina Faso’s 289 registered artisanal and small-scale mine sites (EITI, “Burkina Faso 2012 Report”, 2014, Annexes 12.2, 12.3) is 3 kg/month (a conservative estimate according to our mine site visits and local sources), annual production would be at least 10.4 tonnes. Other sources based in Burkina Faso also estimated that only around 10% of all gold produced in non-industrial systems passes through “formal” circuits (email correspondence with Luigi Arnaldi, Laboratoire Citoyennetés, 15.10.2014; interview with Terre des Hommes Burkina Faso, 17.10.2014).
- 33 Tikando mine – 50 kg/month, according to Albert Oussé, interview 20.3.2015 in Burkina Faso; Karentenga mine – 25 kg/month, according to Mr. Mahmoudou, a representative from the local artisanal gold miners union, interview 26.3.2015 in Burkina Faso; and Aoura – 6 kg/month, according to mine production receipts from November and December 2013 obtained from source in Burkina Faso.
- 34 EITI, “Burkina Faso 2012 EITI Report”, 2014, annexes 12.2 and 12.3.
- 35 EITI, “Burkina Faso 2012 EITI Report”, 2014, p. 25.
- 36 For example, Kevin Telmer from the Artisanal Gold Council estimated 20 tonnes per year and Nacanabo Ousséini from Sav’Or (one of Burkina Faso’s largest comptoirs, alongside SOMIKA) estimated 30 tonnes per year.
- 37 Burkina Faso’s Direction Générale des Mines et de la Géologie (DGMG), Evolution de la production minière, 2013 (accessed 17.6.2015) and Services nationales des mines in BCEAO, “Etude monographique sur le secteur de l’or dans l’UEMOA”, 2013, p. 15).
- 38 UNComtrade, 2014 (available at: <http://comtrade.un.org/>). Accessed 17.6.2015).
- 39 Swiss Customs Administration, “Trade in Gold Data”. Accessed 9.6.2015.
- 40 EITI, “Togo 2012 EITI Report”, 2014, p. 21.
- 41 EITI, “Togo 2012 EITI Report”, 2014, p. 21, USGS Minerals Yearbook 2011 Togo and UNComtrade, 2014 (available at: <http://comtrade.un.org/>, accessed 17.6.2015).
- 42 Swiss Customs Administration, “Trade in Gold Data”. Accessed 9.6.2015.
- 43 EITI, “Togo 2012 EITI Report”, 2014, p. 21.
- 44 World Bank, “Country Indicators, % of population in rural areas: Burkina Faso, 2013”. Accessed 15.6.2015.
- 45 Interview with Kevin Telmer, Executive Director of the Artisanal Gold Council, 8.5.2015. This is a conservative estimate from the government dating to 2002, well before the gold price soared in 2008. See Djibril Gueye, “Small-scale mining in Burkina Faso”, 2001; and Luigi Arnaldi et al., “Comment améliorer la gouvernance du secteur minier en abordant les enjeux locaux ? Le cas du Burkina Faso” June 2011.
- 46 Interview with Kevin Telmer, Executive Director of the Artisanal Gold Council, 8.5.2015.
- 47 Tikaré and Yabo are both licensed to SOMIKA, although there was no presence of the comptoir when we visited the site. Alga is licensed to Sav’Or and company representatives were present during our research. Tikando has no direct affiliation to SOMIKA, but Albert Oussé, the site manager, sells his production shares exclusively to SOMIKA (interview with Albert Oussé, 21.3.2015). Karentenga is not officially affiliated to any comptoir, but independent traders from the mine resell to both SOMIKA and Sav’Or, as well as other buyers. SOMIKA is also

- likely to receive gold from Alga, but we were unable to independently confirm this.
- 48 See: Senepus, “Burkina: 5 morts et une dizaine de disparus dans l’éboulement d’une mine d’or artisanale”, International, 4.5.2015; PressTV, “14 killed, 10 injured in Burkina Faso mine accident”, 4.12.13, accessed 15.6.2015; and <http://larrycprice.com/the-holes/>.
- 49 Email correspondence, Burkina Faso-based researcher, 25.6.2015.
- 50 Burkina Faso is a signatory to all relevant international child protection treaties, including the UN Convention on the Rights of the Child (1990); the African Charter on the Rights and Welfare of the Child (1992); and the International Labour Organisation’s (ILO) Convention 132 (197) on the Minimum Working Age and Convention 180 (1999) on Worst Forms of Child Labour, both of which prohibit work that “by its nature or the circumstances in which it is carried out is likely to jeopardise the health, safety or morals of children”. These conventions have been translated into national law by the Presidential Decree N°2009-365 that defines children as “all persons below the age of 18 years”.
- 51 Décret No. 2009-365/PRES/PM/MTSS/MS/MASSN portant détermination de la liste des travaux dangereux interdits aux enfants au Burkina Faso, JO No. 26 du 25.6.2009, article 5.
- 52 BD’s research in Burkina Faso; see also UNICEF, “Etude sur le travail des enfants sur les sites d’orpaillage et les carrières artisanales dans cinq régions du Burkina Faso”, 2011.
- 53 BD’s research in Burkina Faso; see also: InfoSud, “Les enfants du Burkina Faso emportés par la ruée vers l’or”, 16.9.2013.
- 54 Interview Burkina Faso-based researcher on 16.06.2015 in Berne, Switzerland.
- 55 Rose Skelton “West Africa: from transit to production of illicit drugs”, The Africa Report, 16.5.2013.
- 56 World Health Organisation, “Fact Sheet No. 361: Mercury and Health”, September 2013.
- 57 UNICEF, “Etude sur le travail des enfants sur les sites d’orpaillage et les carrières artisanales dans cinq régions du Burkina Faso”, 2011 and Human Rights Watch, “Precious Metal, Cheap Labour: child labour and corporate responsibility in Ghana’s artisanal gold mines”. Accessed 10.6.2015.
- 58 Interview with Terre des Hommes Burkina Faso, 17.10.2014.
- 59 Interview with Mahamadi Sawadogo, UNICEF, at Karentenga mine site, 3.2015.
- 60 Interview with Dadoua Kindo and Mr. Abdoumalik, Technical Director and General Coordinator of SOMIKA, 27.3.2015 in SOMIKA’s offices in Ouagadougou.
- 61 Interview with Albert Oussé, Tikando, 20.3.2015.
- 62 Tikaré and Yabo are both licensed to SOMIKA, although there was no presence of the comptoir when we visited the site. Alga is licensed to Sav’Or and company representatives were present during our research. Tikando has no direct affiliation to SOMIKA, but Albert Oussé, the site manager, sells his production shares exclusively to the comptoir of Adama Kindo (Interview with Albert Oussé, 21.3.2015). Karentenga is not officially affiliated to any comptoir, but independent traders from the mine resell to both SOMIKA and Sav’Or, as well as other buyers. SOMIKA is also likely to receive gold from Alga, but we were unable to independently confirm this.
- 63 Interviews with Moussa Sawadogo (20.3.2015, Tikando); Albert Oussé (20.3.2015, Tikando); Chrysogene Zougmore (12.3.2015, Mouvement Burkinabé des droits de l’homme et des peuples (MBDHP), Ouagadougou); and Dakar Djiri (12.3.2015, EITI Burkina Faso, Ouagadougou).
- 64 Email correspondence with representative from BUMIGEB, Burkina Faso, 18.5.2015.
- 65 Email correspondence with representative from BUMIGEB, Burkina Faso, 18.5.2015.
- 66 Interview at Alga mine site, Burkina Faso, 13.3.2015.
- 67 See [www.ammargroup.com/fr/profil.aspx](http://www.ammargroup.com/fr/profil.aspx). Accessed 10.6.2015. The website has since disappeared.
- 68 “EITI Togo: Rapport de conciliation des paiements et des recettes du secteur extractif au titre de l’année 2012”, Moore Stephens, 2014.
- 69 Source documents dated 5.7.2012.
- 70 See [www.ammargroup.com](http://www.ammargroup.com). Accessed 10.6.2015. The website has since disappeared.
- 71 Geneva Business Registry. Accessed 10.6.2015.
- 72 “EITI Togo: Rapport de conciliation des paiements et des recettes du secteur extractif au titre de l’année 2012”, Moore Stephens, 2014.
- 73 Source documents dated 22.5.2012.
- 74 Source documents dated 18.6.2012.
- 75 According to a representative from the Mines Ministry in Burkina Faso (email correspondence, 18.5.2015), artisanal gold exporters must pay two taxes on export: (1) 5% of the value of the gold on export. This value is fixed at 8,000 FCFA per gram of gold. Plus (2) an additional “décote” of 100 FCFA per gram. See also François Bambio, “Comptoir d’or produits miniers: maillon de la commercialisation”, Investirau-burkina.net, 27.3.2015. Accessed 13.5.2015.
- 76 See World Bank, “Doing Business 2015: Burkina Faso”, 2015 & art. 12 of “Arrête Interministériel No.09001/MCE/MEF/MCPEA portant conditions d’agrément et cahier de charges pour l’achat, la vente et l’exportation de l’or au Burkina Faso”, 3.2.2009. Available at: [www.bumigeb.bf/textes/gactual.htm](http://www.bumigeb.bf/textes/gactual.htm). Accessed 16.6.2015.
- 77 Décret N°2006-629/PRES/PM/MCE/MFB/MCPEA/SECU du 20 décembre 2006 portant sur la réglementation de la commercialisation de l’or produit artisanalement au Burkina Faso, Arrête N°09-001/MCE/MEF/MCPEA du 3 février 2009 portant réglementation de la commercialisation de l’or, conditions d’agrément et cahier de charge pour l’achat et l’exportation de l’or au Burkina and Décret N°2010-819/PRES/PM/MEF du 31 décembre 2010 portant modifiant le Décret N°2010-075/PRES/PM/MEF du 3 mars 2010 portant fixation des taxes et redevances minières. All available at: [www.bumigeb.bf/textes/gactual.htm](http://www.bumigeb.bf/textes/gactual.htm), accessed 16.6.2015. See also: EITI, Burkina Faso 2012 EITI Report, 2014, p. 17.
- 78 Swiss Development and Cooperation Agency, “Burkina Faso: Swiss International Cooperation”, last updated 3.3.2015. Accessed 2.6.2015.
- 79 See World Bank, “Doing Business 2015: Burkina Faso”, 2015 & art. 12 of “Arrête Interministériel No.09001/MCE/MEF/MCPEA portant conditions d’agrément et cahier de charges pour l’achat, la vente et l’exportation de l’or au Burkina Faso”, 3.2.2009. Available at: [www.bumigeb.bf/textes/gactual.htm](http://www.bumigeb.bf/textes/gactual.htm). Accessed 16.6.2015.
- 80 For all conversions of FCFA to Swiss francs, figures calculated using the average exchange rate XOF:CHF from 2014.
- 81 According to a representative from the Mines Ministry in Burkina Faso (email correspondence, 18.5.2015), artisanal gold exporters must pay two taxes on export: (1) 5% of the value of the gold on export. This value is fixed at 8,000 FCFA per gram of gold. Plus (2) an additional “décote” of 100 FCFA per gram. See also François Bambio, “Comptoir d’or produits miniers: maillon de la commercialisation”, Investirau-burkina.net, 27.3.2015. Accessed 13.5.2015. According to a representative of the Togolese Mines Ministry (interview in Lomé, 12.5.2015), Togo’s tax on gold exports is fixed at 4.5% of the value of the gold on export. This value is fixed at 1,000 FCFA per gram of gold. There is no “décote”.
- 82 Art. 6 and 8, Décret N°2006-629/PRES/PM/MCE/MFB/MCPEA/SECU du 20 décembre 2006 portant sur la réglementation de la commercialisation de l’or produit artisanalement au Burkina Faso. Available at: [www.bumigeb.bf/textes/gactual.htm](http://www.bumigeb.bf/textes/gactual.htm). Accessed 16.6.2015.
- 83 Art. 6, Arrête N°09-001/MCE/MEF/MCPEA du 3 février 2009 portant réglementation de la commercialisation de l’or, conditions d’agrément et cahier de charge pour l’achat et l’exportation de l’or au Burkina. Available at: [www.bumigeb.bf/textes/gactual.htm](http://www.bumigeb.bf/textes/gactual.htm), accessed 16.6.2015.
- 84 Interview with Iliassa Sawadogo, independent gold trader in Burkina Faso, 16.3.2015.
- 85 Interview with Lassane Simpore, Secretary-General of the Syndicat des travailleurs des géologies, mines et hydrocarbures, 12.3.2015.
- 86 Email conversation with investigative journalist in Burkina Faso, 21.4.2015.
- 87 Interview with Dakar Djiri, EITI Burkina Faso, 12.3.2015.
- 88 Interview with Sylvain Some, General Directorate for Mines and Geology, 27.3.2015.
- 89 Email correspondence with representative from BUMIGEB, Burkina Faso, 18.5.2015.
- 90 Interview with Sylvain Some, General Directorate for Mines and Geology, 27.3.2015.
- 91 Interview with Dadoua Kindo and Mr. Abdoumalik, Technical Director and General Coordinator of SOMIKA, 27.3.2015 in SOMIKA’s offices in Ouagadougou.
- 92 UNDP “Human Development Index 2014”. Accessed 9.6.2015.
- 93 Questions sent to Ammar Group by email on 21.5.2015.
- 94 ARIF, the “Association romande des intermédiaires financiers”, is a Geneva-based private non-profit organisation, whose purpose is to as-

- sist in the prevention of and the fight against money laundering in relation with the Swiss Federal Act on Combating Money Laundering and Terrorist Financing in the Financial Sector. See: [www.arif.ch/en/index.htm](http://www.arif.ch/en/index.htm). Accessed 18.6.2015.
- 95 Interviews with Lassane Simpore (12.3.2015) and Nacanabo Ousséini (21.3.2015). See also EITI, “Burkina Faso 2012 EITI Report”, 2014.
- 96 Email correspondence with journalist from Burkinabé newspaper, *Le Reporter*, 11.5.2015.
- 97 See: <http://bfactu.com/?p=58>; [www.chambredesmines.bf/?FINALE-DE-LA-COUCPE-SOMIKA-2012](http://www.chambredesmines.bf/?FINALE-DE-LA-COUCPE-SOMIKA-2012); and Wayback Machine for SOMIKA’s website. Accessed 10.6.2015.
- 98 See: [www.zedcom.bf/hebdo/op760/9.php](http://www.zedcom.bf/hebdo/op760/9.php). Accessed 10.6.2015.
- 99 Email correspondence with journalist from *Le Reporter*, 11.5.2015.
- 100 Including former Mines Ministers, Abdoukader Cissé and Salif Kaboré; former Prime Ministers, Luc Adolphe Tiao, Ernest Yonli and Tertius Zongo; former Finance Minister and step-brother of Blaise Compaoré, Lucien Marie Noel Bembamba; and former President of the Chamber of Commerce and step-mother of Blaise Compaoré, Alizèta Ouédraogo. *Africa Mining Intelligence*, “Burkina Faso: l’eldorado des anciens ministères”, 16.4.2013.
- 101 Email correspondence with journalist from *Le Reporter*, 11.5.2015; email correspondence with investigative journalist in Burkina Faso, 21.4.2015.
- 102 Email correspondence with investigative journalist in Burkina Faso, 21.4.2015.
- 103 Telephone conversation with representative from Consulate of Guinea in Geneva, April 2015.
- 104 Email correspondence with investigative journalist in Burkina Faso, 21.4.2015.
- 105 Federal Assembly of the Swiss Federation, “Loi fédérale sur le blocage et la restitution des valeurs patrimoniales d’origine illicite liées à des personnes politiquement exposées: l’avant projet du 8 mai 2013”.
- 106 Switzerland’s total imports from Togo between June and December 2014 were 2,198 kg (Ammar Group’s *de facto* monopoly over the Togo-Switzerland artisanal gold supply chain began in around June 2014), generating a monthly average of 314 kg. Calculated luggage allowance based on Air France rules in July 2015.
- 107 Email correspondence with customs officer, Federal Customs Administration Berne, 21.4.2015.
- 108 Email correspondence with customs officer, Federal Customs Administration Berne, 21.4.2015.
- 109 Email correspondence with customs officer, Federal Customs Administration Berne, 21.4.2015.
- 110 Federal Council, “Federal Act on Combatting Money Laundering and Terrorist Financing in the Financial Sector of 10 October 1997 (status as of 1 January 2015)”.
- 111 [www.valcambi.com/about-valcambi/corporate-structure/](http://www.valcambi.com/about-valcambi/corporate-structure/). Accessed 28.7.2015. See also Bloomberg, “India’s Rajesh Exports Acquires Newmont’s Swiss Gold Refiner”. Accessed 27.7.2015.
- 112 Valcambi’s website, see [www.valcambi.com/about-valcambi/corporate-structure/](http://www.valcambi.com/about-valcambi/corporate-structure/). Accessed 10.6.2015.
- 113 Gerald Hosp, “Jedes Goldkorn zählt”. *Neue Zürcher Zeitung*, 7.3.2014.
- 114 Valcambi’s website, see [www.valcambi.com/about-valcambi/at-a-glance/](http://www.valcambi.com/about-valcambi/at-a-glance/). Accessed 10.6.2015.
- 115 The Real Asset Co., “Gold Refinery List”, 20.5.2013.
- 116 Valcambi SA, “Precious Metals Supply Chain Policy”, 31.12.2012. Accessed 10.6.2015.
- 117 See [www.valcambi.com/accreditations-compliance/our-engagement/](http://www.valcambi.com/accreditations-compliance/our-engagement/). Accessed 10.6.2015.
- 118 Valcambi SA, “Precious Metals Supply Chain Policy”, 31.12.2012, p. 3. Accessed 10.6.2015.
- 119 Valcambi SA, “Precious Metals Supply Chain Policy”, 31.12.2012, pp. 3–5. Accessed 10.6.2015.
- 120 Valcambi SA, Compliance Report 2014. Available at [www.valcambi.com/download/](http://www.valcambi.com/download/). Accessed 7.5.2015.
- 121 Chatham House, “Conflict Minerals: the search for a normative framework”, 2012, pp. 14–15.
- 122 Chatham House, “Conflict Minerals: the search for a normative framework”, 2012, p. 22.
- 123 Amnesty International & Global Witness, “Digging for Transparency: how US companies are only scratching the surface of conflict minerals reporting”, 2015, p. 13.
- 124 OECD, “Supplement on Gold”, 2012, p. 63.
- 125 According to the OECD and LBMA, “high-risk” areas are broadly defined as those where there is “a high-risk of conflict or of widespread or serious abuses” associated with the extraction, transport or trade of minerals (OECD DD Guidance, 2011, p. 66). Burkina Faso’s artisanal mining sector is exposed to at least one factor on the OECD’s list of “serious abuses” (Annex II, para. 1, pp. 20–21): “worst forms of child labour”, defined by the ILO as “work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children” (see ILO Convention No. 182 [1999]). The opening paragraph of a joint report by UNICEF and the Burkinabé government in 2011 confirms that “le travail des enfants sur les sites d’or-paillage et dans carrières artisanales au Burkina Faso est une manifestation même des pires formes de travail des enfants”. According to the same report, 20,000 children were working in gold mines in 5 of Burkina Faso’s 13 regions. As for Togo, even if Valcambi was unaware that the gold originated from Burkina Faso, the simple fact that the country officially produces no gold should have raised a major red flag for its compliance team. Finally, as the OECD details, the above-detailed risks increase when anti-corruption laws, customs controls and relevant governmental oversight laws are weakly enforced (OECD DD Guidance, 2011, p. 79). Ranked 85th and 126th out of 175, respectively, on Transparency International’s *Corruption Perceptions Index 2014*, it is fair to say that a third red flag should have been raised for both Burkina Faso and Togo. According to the Africa Progress Panel in 2013, budget transparency, legislative oversight and auditing are weak.
- 126 Transparency International, “Corruption Perceptions Index 2014” and Africa Progress Panel, “Equity in Extractives”, 2013.
- 127 Valcambi SA, “LBMA Responsible Gold Guidance Compliance Report Year 2014”, 17.3.2015, available at [www.valcambi.com/download/](http://www.valcambi.com/download/). Accessed 11.6.2015.
- 128 Interview in Geneva, 1.6.2015.
- 129 FDFA, FDF & EAER, “Background Report: Commodities: report of the interdepartmental platform on commodities to the Federal Council”, 27.3.2013, p. 18.
- 130 The Berne Declaration works to ensure that the Swiss economy does not profit at the expense of other countries and their populations. We aim to tackle corporate responsibility at its source. As such, recommendations for the governments of Burkina Faso and Togo or for local organisations fall outside of our remit. This is not to say that they do not have an important role to play and responsibilities to uphold.
- 131 UN Guiding Principles on Business and Human Rights, 2011. Available at: [www.ohchr.org/Documents/Publications/GuidingPrinciples-BusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciples-BusinessHR_EN.pdf). Accessed 29.6.2015.
- 132 Federal Council, “Federal Act on Combatting Money Laundering and Terrorist Financing in the Financial Sector of 10 October 1997 (status as of 1 January 2015)”.
- 133 Lang Josef, “Or issu du conflit en République démocratique du Congo”, Interpellation 06.1022, 22.3.2006.
- 134 Federal Council, “Ordinance on the Control of Trade in Precious Metals and Articles of Precious Metals of 8 May 1934 (status as of 2 August 2013)”. Accessed 23.6.2015.
- 135 Definition taken from OECD Gold Supplement, 2012, p. 7.
- 136 International Labour Organisation, “What is child labour” 2015. Accessed 24.6.2015.
- 137 Definition taken from OECD Gold Supplement, 2012, p. 8.
- 138 LBMA Responsible Gold Guidance 2013, version 5, p. 2.
- 139 OECD Gold Supplement, 2012, p. 9.
- 140 International Labour Organisation, 2015, see [www.ilo.org/ipec/facts/lang-en/index.htm](http://www.ilo.org/ipec/facts/lang-en/index.htm). Accessed 24.6.2015.

This report traces Switzerland's "Togolese" gold to its true source. For nine months, across three countries, we climbed the supply chain of the thousands of kilos of gold refined annually by the major Swiss refinery, Valcambi.

This gold originates from artisanal mines in Burkina Faso, where it is extracted under abysmal conditions. Children and adults work day and night under poor security conditions, handling toxic chemicals, unprotected, on a daily basis.

At least 7 tonnes of this gold escapes the government's books and is instead smuggled to Lomé, Togo – a business model set up to avoid up to 6.47 million CHF worth of Burkinabé taxes. From here, it is exported to Switzerland by the Ammar Group, where it eventually ends up with Valcambi.

While the Burkinabé population see little of the gold revenues, Valcambi profits from this dirty trade. The report unveils the major shortfalls in the refinery's due diligence and the blind eye turned by Swiss customs. It ends with a series of recommendations for the Swiss government, Valcambi and Ammar Group, and a call for mandatory human rights due diligence.



**Berne Declaration** | The Berne Declaration (BD) is a non-profit, independent Swiss organisation with around 25,000 members. The BD has been campaigning for more equitable relations between Switzerland and underprivileged countries for more than forty years. Among its most important concerns are the global safeguarding of human rights, the socially and ecologically responsible conduct of business enterprises and the promotion of fair economic relations. | [www.bernedeclaration.ch](http://www.bernedeclaration.ch)

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