



The CODE

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Welcome to the International Cyanide Management Institute's (ICMI)
4th Quarter, 2013 newsletter.

Auditor Requirements and Audit Reports

By Norm Greenwald, ICMI Executive Vice President

Certification by third-party professional auditors and technical experts is critical to the Cyanide Code's credibility and acceptance by stakeholders, and is a prime reason for the program's success. We are quite pleased with the quality and rigor of the vast majority of certification audits that are being done and with the clarity and level of detail of the reports of these audits submitted to ICMI. We receive many questions about specific issues related to the auditing and reporting processes, and in the interest of maintaining the high standards established by many Cyanide Code auditors, I would like to discuss some of these key points here.

First, I want to remind signatory companies that the personnel they hire to conduct certification audits under the Cyanide Code must meet the requirements identified in ICMI's Auditor Criteria. This document provides detailed descriptions of the experience and expertise necessary for an auditor to be approved by ICMI as well as prohibitions on conduct considered to represent conflicts of interest. ICMI does not accept an audit report unless the auditors meet these requirements. ICMI's rejection of an audit report can result in significant additional expense for a signatory if the audit must be redone with different or additional personnel.

Two types of auditors are needed for certification audits, a lead auditor and a technical expert auditor. The minimum requirements for each position are included in the Auditor Criteria. Prior approval of auditors is not necessary but it is strongly encouraged to ensure that ICMI can accept the report of a certification audit. In matters of potential conflicts of interest, signatories also are encouraged to seek ICMI guidance before an audit is conducted.

Although compliance with ICMI's Auditor Criteria ensures that the personnel conducting a certification audit have the necessary auditing skills and technical competency, it does not address an auditor's ability to prepare an acceptable audit report. The active involvement of the signatory company can play an important role in this aspect of the certification process. Prior to their submission to ICMI, audit documents should be carefully reviewed by company personnel to make certain that all site information is accurate and clearly presented. This is especially important if English is not the auditors' primary language. English is the official language of the Cyanide Code, and all audit reports must be submitted in English, but proficiency in English is not a requirement for ICMI approval as a Cyanide Code auditor. Poorly-written or confusing audit reports require much more time for ICMI's Completeness Review, and repeated requests by ICMI for additional clarifications and revisions significantly delay an operation's certification. Signatories can avoid these problems by conducting their own reviews of the audit reports prepared for their operations and requiring their auditors to have the documents professionally edited and/or translated where necessary to provide clear responses to Verification Protocol questions and meaningful summaries of the information.

Training Workshop in Hermosillo a Success

ICMI held a two-day training workshop in Hermosillo, Mexico, on November 21-22, which focused on the practical issues associated with implementing and auditing the Cyanide Code and the experiences of operations that have implemented the Code and have been certified in compliance. More than 65 people attended including personnel from signatory operations that have been certified or are preparing for certification, personnel from operations considering becoming Cyanide Code signatories, and consultants and auditors providing services related to cyanide management and the Cyanide Code.



(from left to right) ICMI Executive Vice President Norm Greenwald; Benitzel Avila Sanchez, Operations Manager for Minas de Oro Nacional's Mulatos Mine; ICMI President Paul Bateman; Dulce Bernal, Public Relations staff for Minas de Oro Nacional's Mulatos Mine, and Pedro Bautista, Quality Management Supervisor for Minas de Oro Nacional's Mulatos Mine attended the two-day training workshop in Hermosillo.

On the first day, ICMI Executive Vice President Norm Greenwald discussed the intent of each of the Cyanide Code's Principles and Standards of Practice, along with the Code's expectations for performance and the measures typically necessary to achieve that performance. Interpretive guidance was provided on how auditors are to use their experience and judgment in determining whether or not an operation is in compliance with the Code. The second day featured speakers from Mexican gold mines and cyanide transport operations discussing the lessons learned implementing the Cyanide Code and being certified in compliance. Cyanide Code auditors discussed their experiences evaluating Code compliance at operations in Mexico and around the world. The workshop provided an opportunity for Cyanide Code certified operations to share valuable information with their industry peers on how best practices for cyanide management can be implemented to enhance the protection of workers, communities and the environment.

Online Training to be Provided in French, Spanish, and Chinese

Last year, ICMI launched an online training program, through its web site, that presented the requirements for implementing and auditing the Cyanide Code. The 11-module course, in English, takes 3-½ hours to complete. In 2014, ICMI plans to make the online training program available in three additional languages: French, Spanish, and Chinese.

The training is also available in DVD format. All 11 modules are available in a set of two DVDs for US\$15 per set, or 5 sets for US\$50. Please send inquiries to info@cyanidecode.org.

John Gammon and Chen Haoran Re-elected to ICMI Board of Directors

John Gammon and Chen Haoran each were re-elected to a four-year term to ICMI's Board of Directors. Their new terms begin on January 1, 2014.

John B. Gammon is President of John Gammon Associates, Inc., a consultancy based in Toronto, Canada, which advises governments, industry and multilateral institutions on policy and management matters. From 1988 until his retirement from government service in 2005, Dr. Gammon was Assistant Deputy Minister of Mines and Minerals for the Province of Ontario, Canada. He was a member of the international committee of stakeholders appointed by the United Nations Environment Programme and the International Council on Metals and Mining in 2000 to draft a code of best practices for the use of cyanide in gold mining which resulted in the Cyanide Code. Dr. Gammon was a Founder and Co-Chair of the World Mines Ministries Forums, Toronto, in 2000, 2002, 2004 and 2006. He holds undergraduate and Ph.D. degrees in geology, and he undertook three years of postdoctoral research at Princeton University and the University of California at Riverside as the recipient of a Senior Visiting Fulbright Fellowship. Dr. Gammon was first elected a director of ICMI in 2010.

Chen Haoran has been a director of ICMI since 2009. He is the retired Executive Director and Chairman of the China Chamber of Commerce of Metals, Minerals & Chemical Importers and Exporters (CCCMC) a Beijing-based group of more than 4,200 member companies producing ferrous metals, non-ferrous metals, non-metallic minerals, chemicals, and other products. Prior to joining CCCMC in 1999, Mr. Chen was Executive Director and President of Nam Kwong (Group) Co., Ltd., Macao's oldest Chinese-funded enterprise. From 1990 to 1995, he was President & Chief Operating Officer of Pacific Refining Company, Hercules, California, a subsidiary of Sinochem American Holdings, Inc. From 1983 to 1990, he was Executive Vice President of Sinochem, one of the four major state-owned oil companies and the largest fertilizer importer and phosphorus and compound fertilizer manufacturer in China. Mr. Chen majored in foreign studies at the University of Shanghai and resides in Beijing.

Code Questions

Question 1: Can an auditor conducting a certification audit review and/or evaluate work that was done by the auditor or the company which employs the auditor?

Answer: As stated in the conflict of interest prohibitions discussed in ICMI's Auditor Criteria, no auditor can conduct a certification audit of any aspect of the operation's cyanide management system that the auditor or the auditor's company was primarily responsible for designing or developing.

An auditor cannot review and evaluate his or her own work or that of his co-workers. If the auditor or the auditor's company was responsible for the preparation of a particular aspect of an operation's cyanide management system (e.g., design of an operation's heap leach facility, preparation of its water balance or Emergency Response Plan), another member of the audit team not affiliated with the company that prepared that part of the management system must conduct those parts of the audit evaluating that area or issue. This prohibition is applied broadly to include different divisions or subsidiaries of a single parent company, even if the division or subsidiary is organized as a separate company.

However, this requirement does not prohibit an auditor who assists in developing an action plan to address deficiencies identified during a gap analysis or certification audit, from conducting the operation's certification audit.

Question 2: What Cyanide Code requirements apply to a certified gold mine that changes the producer or transporter of the cyanide it uses?

Answer: To maintain its certification, a mine must continue to use cyanide that is manufactured at a certified production facility and is transported by a certified transporter. If a mine replaces a certified producer and/or transporter with a different certified producer and/or transporter, it has no further requirements under the Cyanide Code.

However, a certified mine may experience a disruption in its established cyanide supply and be forced to change its producer and/or transporter, at least temporarily in order to obtain the cyanide needed to maintain its gold production. As discussed in ICMI's Auditor Guidance for Use of the Gold mining Operations Verification Protocol (Auditor Guidance) under Standards of Practice 1.1 and 2.2, a certified mine can use cyanide that was produced and/or transported by operations that are not certified ("non-certified cyanide") and still be in compliance with the Cyanide Code if a) the disruption was due to forces beyond the mine's control, b) the mine made a good-faith effort to purchase cyanide from another certified manufacturer and/or use another certified transporter, but was unable to do so, and c) the mine re-established its certified supply in a reasonable period of time. Pursuant to Item 6 of the instructions for completing the Cyanide Code Signatory Application Form, a mine is required to notify ICMI within 72 hours of making an agreement for purchase and/or transport of non-certified cyanide.

A certified mine that changes its cyanide suppliers to a producer and/or transporter that is not certified - and which does not notify ICMI as required or meet the criteria noted in the Auditor Guidance for maintaining its certification - may be found in substantial or non-compliance during its next certification audit or may lose its certification if ICMI receives verified evidence of its non-compliance.

The documents referenced in response to the above questions are available on the Cyanide Code web site, www.cyanidecode.org.