



Memo in response to SGS United Kingdom Ltd.'s GemFair Management Report

Context

In November 2021, GemFair engaged an auditor from SGS United Kingdom Ltd. to carry out a third-party assessment of GemFair's due diligence management system against the [OECD's due diligence guidance for responsible mineral supply chains](#). The last third-party assessment concluded in October 2020. GemFair's assurance programme cycle is 18 months.

The auditor was tasked with reviewing a sample of GemFair's due diligence documentation, including, but not limited to:

- A self-assessment of GemFair's due diligence practices;
- Previous audit report findings and GemFair's public reporting;
- GemFair's documentation of due diligence and traceability measures gathered through the GemFair digital solution;
- Risk assessments carried out by GemFair on the OECD Due Diligence Guidance Annex II Risks in Sierra Leone; records on ASM mineral suppliers, internal memos and due diligence reports; and
- Memos and correspondence on risk management and mitigation with ASM mineral suppliers, among other relevant documentation at the auditor's discretion.

The auditor was also tasked with verifying a sample of up to 10% of the assessment surveys that GemFair carried out on the working standards of participating ASM miners.

GemFair is pleased to note that the audit report concluded GemFair's ASM assurance programme aligns well with, and in some areas exceeds, the OECD's guidance for responsible mineral supply chains. Several areas for improvement, summarized in the table below, were noted. GemFair's planned response to each improvement area is also described in the table on the following pages.

The table below details the auditor's recommendations and how GemFair plans to address them.

IMPROVEMENT OPPORTUNITY	AUDITOR'S RECOMMENDATION	GEMFAIR RESPONSE
MINE SITE ASSESSMENT TOOL		
Strengthen the onsite reporting tool	Review the scope of baseline assessments and spot check assessment questions. Consider carefully what can be answered comprehensively or what conditions can be verified during the on-site visits by the field team.	GemFair management will review the questions in the assessment workbook and carry out a revision of the questions deemed too broad.
Ensure audit evidence can be supported	<p>Ensure audit evidence from the field team reports can be supported:</p> <p>Reliable audit evidence is crucial in coming to the right conclusions about conformity with the GemFair criteria. It is therefore important to ensure that unsubstantiated evidence, such as verbal evidence gained through interviewing workers, is carefully reported and if their testimonies were corroborated. Ideally this would be via an additional type of supporting evidence such as document review which would then also need to be carefully documented. In cases where it might only be possible to gather one type of evidence it is important to ensure that sufficient evidence is gathered from different sources, for example by interviewing different individuals, to support reaching the right conclusion.</p> <p>Include data showing how the interview was conducted – who was interviewed, if it was an</p>	This recommendation is noted and will be incorporated into field staff training.



	<p>individual or group interview (if so, how many in the group).</p>	
<p>ASSURANCE PROGRAMME STAFF PEER REVIEWS</p>		
<p>Procedure for peer reviews amongst field team</p>	<p>Peer reviews are intended to serve two primary purposes. Firstly, it acts as an internal procedures check. Secondly, a peer review is intended to improve the quality of site visits.</p> <p>Peer reviewers provide suggestions to the field team on how to improve their procedures and techniques and can also identify any errors that need correcting and should be considered as a method to assess the effectiveness of field visit.</p>	<p>The Programme Manager will undertake an in-person peer review of field staff annually. The field staff will peer review one another once per year as well. Each peer review visit will be accompanied by a report that includes recommendations for improvement of the individual's techniques as well as suggestions for correcting errors.</p> <p>The Programme Manager will develop a checklist for staff to use as they conduct peer review visits.</p>