

GOLDLAKE  
G R O U P



SUSTAINABILITY REPORT 2013





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# 1. About This Report

This is the Goldlake Group's first sustainability report to our stakeholders. To report on the management of environmental, community, labour, health, safety, and governance matters at our facilities - our sustainability performance - is a natural step for our growing company and one that reflects two of our core corporate values: Trust and Sustainability.

**Trust:** we build confidence in our working relationship by being open, communicating freely about our business and delivering on our commitments to our employees, partners and investors.

**Sustainability:** we insist that every initiative and investment has a strong orientation towards economic, social and environmental sustainability.

As part of our commitment to continual improvement and to make information available on our sustainability performance to our stakeholders, we will report our non-financial results annually alongside our financial report.

This is the first report of its kind for the Goldlake Group and the information gathered and reported here will be a benchmark from which to set targets and objectives for future reporting cycles of our Sustainability Strategy.

To align with the financial reporting and accounts we report non-financial activities and performance from the calendar year 2013 (01.01.2013 - 31.12.2013).

This report covers the activities of the Goldlake Group including our precious metals refinery in Arezzo Italy, and two mining subsidiaries in Honduras: our Eurocantera gold mining company active in the Lapaguare Valley in Olancho district, and the Five Star Mining iron ore operation located in Agalteca. The Key Performance Indicators (KPI's) in the report measure the sustainability performance of the Honduran mining activities, as the mining activities of the Group are the most important in terms of stakeholder materiality. The report discusses the business practices of the joint venture we have in our refinery in Arezzo Italy.

The information in this report was generated by using the GRI G3.1 'Guidance on Defining Report Content', and follows the principles of materiality, stakeholder inclusiveness, sustainability context and completeness. The process for identifying issues materiality is further described in 6 'Our Material Issues' and 7 'Our Stakeholders'.

During the reporting period there were no significant changes regarding the size, structure, or ownership of Goldlake

We will seek 3rd party assurance of this report to verify that it is in accordance with the GRI3.1 Guidelines.

# 2. Introduction and Corporate Summary

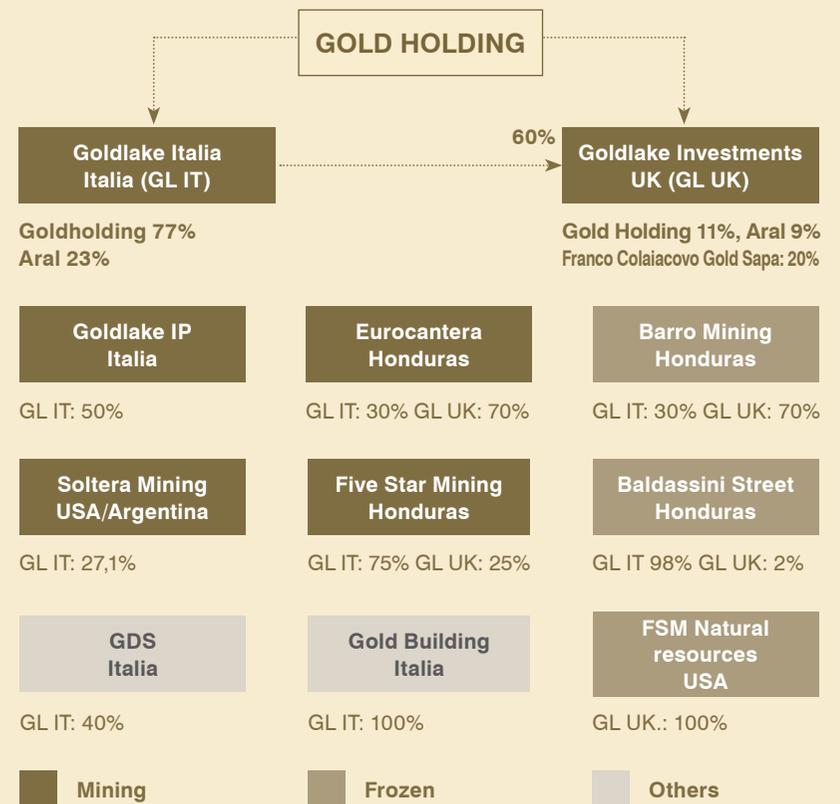
Goldlake Group is an Italian family-owned diversified mining and gold refining company with operations in Honduras.

We mine gold and iron ore through subsidiary companies Eurocantera and Five Star Mining and we own and operate a gold refinery in Italy where we produce quality gold products for the European luxury jewellery market.

Goldlake's gold business is unique as it controls the supply chain from the mine through to the manufacturer.

The highest governance body is the Board of Directors. The Board has seven members including one woman. There are no independent members or non-executive members and there are no separate committees responsible for decision making. All of the main shareholders sit on the Board and the Chair of the Board is separate from the Chief Executive Officer. At each board meeting, progress on social and environmental management and organisation identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles, are reported.

## Group Structure



# 3. Chairman's Report

I am excited to introduce Goldlake Group's (Goldlake) first Sustainability Report. Although this is our first public report on the sustainability performance of our business, we are not new to the business of sustainability.

Indeed, Goldlake was born from a three-generation family business with strong social values at the heart of its culture and a strategy to use the market to solve societal problems.

Goldlake is a diversified mining company with gold and iron ore operations in Honduras, and a refining business in Italy, where we produce precious metals for the European luxury jewellery market. Mining is an age-old activity in a mature and conservative industry sector; Goldlake is a young enterprise established with the purpose to disrupt the norm and demonstrate that innovation coupled with an ambition to make a difference in people's lives and to protect nature results in benefits for all. Our company is driven to produce mined commodities with the assurance that at every step in the value chain there is a positive impact on people, communities and the environment.

My family has sustained its success in business because we know that however long a tradition and however solid an enterprise's foundation, it is possible to learn something new every day.

**"I believe there is no stronger creative force on Earth than business to lead the change we need to enable people to make a dignified living and stave off ecological disaster".**

*Giuseppe Colaiacovo*  
*Chief Executive Officer of Goldlake Italia*

We have been operating in Honduras and Italy for over a decade and each year I am pleased to see how our performance improves steadily as we deepen our knowledge of our neighbours needs, the capacity of our management systems, and the passion of our people for excellence.

Many mineral economies are challenging environments to conduct business ethically and responsibly and international companies like ours have a choice of whether to pursue opportunities despite these challenges and contribute to a country's development, or to seek safer borders but limit our potential to make a difference where it is most needed.

At Goldlake we have chosen to operate in countries where we feel we can create the most value for neighbouring communities and our shareholders, even where these challenges exist. Our cornerstone mining projects in Honduras - Eurocantera and Five Star Mining - have continued to produce and supply our clients over a period of political difficulty.

We have taken the time to establish ourselves in the country and build solid relations with our neighbours, local authorities and central government.

We hire local staff - 96% of our employees are Honduran, and 85% from within 5 miles of our operations - and maintain a permanent presence in local communities. We have been able to maintain our license to operate where other foreign investments have failed, because we have put down roots and are committed to the country for the long term. Our contribution to local infrastructure - schools, housing, clinics and meeting halls - and institutional strengthening - teachers, doctors, nurses and professional scholarships - are decided by Hondurans and designed to meet their needs that they identify and understand best. We report here the results of our programs and we are proud of the help we have provided to the people of this beautiful and resourceful country.

**In the last three years we have focussed on building and establishing practical and comprehensive environmental, health and safety management systems at our Honduran operations.**

Aligned with international best practices and including a globally accessible management portal, we believe we have built a benchmark system for a mining enterprise of our size. Testament to this effort is our Eurocantera gold operation in Olancho, which reached an important milestone in 2013 in its achievement of certification by the Responsible Jewellery Council (RJC) for meeting its requirements of the RJC Code of Practices standard. We are proud to be one of a small number of certified mines in the RJC system, and the only one of our size. We have taken the decision to build on this achievement by applying for RJC Chain of Custody certification to verify the conflict-free path our gold takes from Honduras to our refinery in Italy, Goldlake-IP, which is also certified to RJC's Code of Practice Standard.

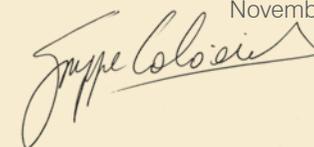
At our Five Star Mining iron ore project, our environmental review has resulted in improvements in the way we manage water and waste, and to plan for a significant investment to bring hydroelectricity to the operation. Our nursery is nurturing the seedlings that will be used to replace and expand the forested areas that the mine has disturbed, and is part of our continually updated plan for closure.

We believe it is important to do our part to promote the paradigm of responsible mining and our managers and employees take time to participate in industry conferences and events.

Over the last year we have spoken about Goldlake's approach to sustainable business at the International Jewellery London exhibition, the IV Latin American International Conference, the Elite Conference of Borsa Italiana - London Stock Exchange, the ICCREA General Meeting, the Exposition to the Quirinale Palace, the World Bank and the United Nations. We were also pleased to see that our collaboration with the Babson College in Boston on a business school case study won a prestigious case-study award. We are excited and confident about the future. As our company grows, so does our commitment to improve our practices and deepen our impact. This year we will set targets for environmental protection, social development and implementation of management systems. We will report on our progress in future sustainability reports over the coming years. We believe we have a unique model for sustainable mineral development and we will be taking this with us as we look for opportunities in new countries.

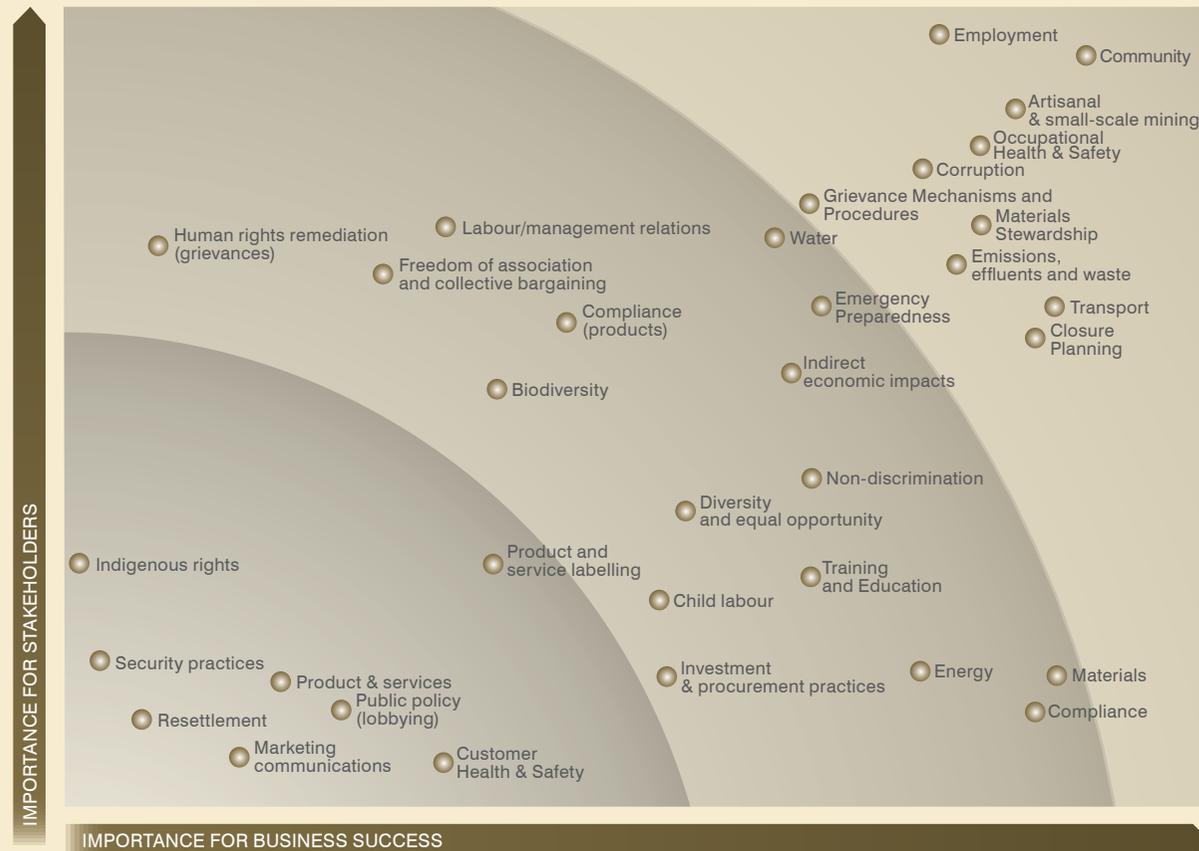
I believe there is no stronger creative force on Earth than business to lead the change we need to enable people to make a dignified living and stave off ecological disaster. But positive impacts do not automatically emerge and current business models and behaviour are no longer acceptable; for change to happen we need intentional action at scale. The history of my family's commitment to sustainability was not driven by compliance, pressure from stakeholders, or opportunities to promote its brand, but from an intuitive understanding that for a business to be sustainable - to endure and create value over many generations - it has to include its neighbours as business partners, ensure benefits are equitably distributed, and protect the planet's natural assets.

Giuseppe Colaiacovo,  
Chief Executive Officer of Goldlake Italia  
November 30, 2014



# 4. Materiality & Key Sustainability Issues

The sustainability issues included in this report are those that are the most relevant to our business and to our stakeholders. They were selected using the Global Reporting Initiative’s (GRI) principles of materiality, stakeholder inclusiveness, sustainability context and completeness.



To begin the process we identified a pool of issues drawing on the extensive industry and company knowledge of Goldlake Group’s senior management and technical staff; independent sector research carried out by our retained CSR consultants, Eco-Age; a peer review of publicly disclosed information of businesses in the mining and extractives sector, and a detailed review of stakeholder interests and concerns gathered through our own internal stakeholder engagement mechanisms (further described in section 8). We then prioritised issues through an assessment of the relative importance of each for Goldlake Group and for our stakeholders. A graphical representation of this prioritisation is provided in **Figure 1: Goldlake Group Materiality Matrix**. To complete the assessment, the final selection of material issues for this report were reviewed and approved by our Business Risk Committee and the Goldlake Group board members.

**The sustainability issues included in this report, and mapped on the materiality matrix in Figure 1, are:**

- Employment
- Community
- Artisanal & small-scale mining
- Occupational health & Safety
- Emergency preparedness
- Materials stewardship
- Environment
- Emissions, effluents & waste
- Transport
- Closure planning
- Economic performance
- Corruption
- Grievance Mechanisms & Procedures

↑ Figure 1. Goldlake Group Materiality Matrix

# 5. Our Sustainable Business Model and Management Approach

At Goldlake Group we challenge the idea that mining inevitably results in unacceptable social and environmental trade-offs and instead aim to show that mining is a positive social 'impact' business and a partner for governments and communities in sustainable development.

Goldlake Group contributes significant financial resources to CSR programs from its operating profits, but these philanthropic investments, although important, are not the core vehicle for its far-reaching positive impact on the local economies around its operations.

Our goal from the outset was to design and build a one-of-a-kind business model in the industry that is socially and economically inclusive and environmentally benign. Even with the advances in engineering technology and improvements in management practices that can help avoid and control the risks of our activities, mining is not always compatible with local environmental and social values, however. We have made, therefore, a fundamental commitment which has at its core the precautionary principle:

**We operate only in places where we are confident that we can have a positive impact on the environment and the local economy and have the support of our stakeholders.**

This fundamental belief is articulated in our Purpose, Values and Core Corporate Policies, available on our website.

Our very existence and continuing success relies on the participation of the communities neighbouring our operations and facilities. The company has created employment for local people, catalysed small and medium sized businesses and bolstered household incomes through gender-appropriate livelihood activities through a unique business arrangement with bottom of the pyramid co-operatives. We have fully incorporated the concept of 'shared value' in our business and demonstrated that even in a mature and traditional industry like mining, socially motivated for-profit enterprises can be catalysts for wealth generation, economic justice and environmental protection in the World's poorest countries.

Groups of artisanal miners had been working in the area of our gold mining interests in Honduras for many decades before the company was granted permission to develop the concession in 2006. Artisanal miners used traditional extraction processes. A combination of sluices and panning captured the fine gold flakes and natural nuggets in the fast running river that demarcated the concession boundary, but not often sufficient to provide a stable living for the groups of men and women. Rather than exclude the informal groups - often made up of families



The company has created employment for local people, catalysed small and medium sized businesses and bolstered household incomes through gender-appropriate livelihood activities through a unique business arrangement with bottom of the pyramid co-operatives.

- from the concession, and make an already hard way of life more difficult, Eurocantera decided to find a way to incorporate them into the mine's business model. We provided legal counsel to the miners so they could constitute and be recognized as legal mining cooperatives under national law and struck a mutually beneficial agreement with the newly formed co-operatives. In return for demonstrating higher safety, health, labour and environmental practices, and equitable treatment of co-operative members, especially women, Eurocantera invested in the productive efficiency of the co-operatives. With the addition of mechanised diggers and process-engineering tweaks, the groups' productivity increased several fold. The gold they produced then entered Eurocantera's semi-industrial plant for smelting and eventually to the Goldlake Group's refinery in Arezzo, Italy.

Goldlake Group partners with the best known brand names in the luxury market to provide them with ethically produced gold to inspire their customers to participate in social transformation and improve people's lives far removed from their own homes and shopping malls. We believe that the combination of thoughtful strategic philanthropy, an inclusive business model linking luxury jewellers with mining communities, and being a corporate champion for change proves the potential for Goldlake Group's business model to be a potent force to bring real and lasting impact in the countries where we work.

# 6. Responsible Jewellery Council Code of Practices Certification at Eurocantera

Goldlake Group is a proud supporter of the Responsible Jewellery Council (RJC); our gold mining and precious metal refining subsidiaries, Eurocantera and Goldlake IP, are RJC members and have achieved the RJC Code of Practice Certification.

For our gold mining operation, Eurocantera, the RJC was and is the catalyst and the benchmark that affirmed the company as a partner in development for the communities around its concession and assured the route to market for its gold to luxury jeweller, Cartier. RJC's comprehensive and systemic approach to corporate responsibility is a perfect complement to Goldlake's value-driven family business.

Becoming a certified RJC member provided a mark of trust that strengthened the relationship that Goldlake had established with Cartier as a supplier of responsibly produced gold. Goldlake's Eurocantera operation has been supplying Cartier with gold for over five years and the 'social' premium paid by the RJC-certified jeweller goes directly to benefit the small-scale miners on the Honduran concession and the communities that neighbour it. Formalisation of the artisanal groups is one clear benefit for the local population, but so too is the improved access to health services, clean water and village infrastructure.

The management-systems approach to standard setting enabled Eurocantera to look at its own practices critically and comprehensively. In some areas of the business, the RJC standard is a confirmation of Eurocantera meeting international best practices; in others it is an enabler of continual improvement. Since becoming an RJC member, Goldlake has put in place an environmental and social management system supported by cutting edge man-

agement software; a first for a company of its size. The effectiveness of the management system has been extended to the group's Five Star Mining iron ore operation. The sense of pride inside the company regarding the achievement of RJC certification is an indication that the incentive to raise the bar on performance will only get higher.

- RJC Member since: June 2009
- Certification period: 18 July 2013 - 18 July 2014
- Certification Scope: Head office in Tegucigalpa, Honduras and mine-site in Lepaguare, department of Olancho
- Audited by: UL (accredited by UKAS)
- Number of employees: 27 full time employees
- Area of land: 10,500 acres
- Type of Deposit: Alluvial Gold
- Type of Mining: Semi-Industrial; production-agreement with traditional artisanal producers' co-operatives
- Processing: Zero chemical use, gravimetric concentration
- Environmental context: Old-growth pine forests
- Nearby communities: El Encinal and El Palo

# 7. Our Stakeholders

Effective stakeholder engagement is essential to Goldlake Group as we are fully integrated into the Honduran economy on a local, regional and national level.

**Strong relationships have been created and maintained through regular engagement with local community, regional political groups, work and transport cooperatives, environmental departments, national government, and International industry bodies as well as with our customers.**

Identification of stakeholders has been a long-term process formed by the in depth knowledge of Goldlake staff both in Honduras and Italy, a map of all stakeholders has been created and is continually refined as new stakeholders are identified and others become less important to the company and the influences the company have on them. A complete Goldlake stakeholder engagement plan has been completed for the group and responsibilities assigned internally for regular engagement with key bodies and individuals.

We use a variety of methods to engage our stakeholders including one to one engagement, community meetings, dedicated phone line for local communities, regional meetings, government steering groups and international conferences and presentations. One of the keys to successful engagement is to deploy the appropriate form of interactions for each stakeholder, an

approach that is detailed in our comprehensive stakeholder engagement plan.

From the first time Goldlake Group considered beginning operations in Honduras we were aware of the need to build our mining activities in alignment with our host country's development goals. Since being granted the concessions at Agalteca and Eurocantera, we have worked with Honduran government agencies to create an effective and responsible mining programme for both our gold and iron ore sites with detailed closure plans built and continually amended as the business adapts and grows.

**Community Engagement: Goldlake Group has made the business decision to work with our neighbours who rely on the land to support themselves and their families, and have done so for generations.**

Respecting and supporting local traditions and economic activities, while creating employment for some of the population, has proved to be an appropriate way to create positive relations with communities and to build a loyal workforce invested in mining responsibility. The community around our iron ore operations at Agalteca is intrinsically linked to the mine.

Number of stakeholder engagements where issues were logged	121
Number of closed issues	67
Average time for issues to be closed	51 days

↑ Stakeholder engagement for 2013

Members of the population that are not directly employed by the mine or engaged in activities that provided goods and services to the mine, are supported by Goldlake through programmes that bolster their agricultural production and marketing, and even the conservation of and access to water (see section 9.2 for further detail).

Our Honduran community team continually engages the communities around our operations and their interactions are monitored through a specially designed tool that records each meeting between Goldlake staff and community members, capturing complaints, ideas and progress to resolve outstanding issues.

For example, one persistent concern that has been raised by community members at Agalteca, and recorded in our Stakeholder Engagement Tool, is dust from lorries transporting ore through an access road that passes private homes. We are addressing this concern by improving the government owned road at our own cost and running increased numbers of damping trucks to reduce the amount of airborne particles at peak times of the day. Our progress is publicly reported on community bulletin boards and during formal meetings with community leaders.



# 8. Stakeholder Engagement

Engagement remains a key focus for Goldlake for the future of the business.

**Contractor engagement.** At our mining operations, rather than build our own fleet to transport ore and product to the point of export or sale, or to hire contractors from outside the area, we instead helped local businesses to form co-operatives and contract their services to the mine.

**We rely on our workers as much as they do on us, and it is crucial to Goldlake to ensure the cooperatives are working to acceptable terms and are working to the health and safety conditions demanded by Goldlake Group under their Contractor Code of Conduct.**

Our management meet weekly with the leaders of these transport and worker groups to discuss any matters that might have arisen and to ensure any issues raised by the cooperatives are immediately addressed, or logged and assigned to the appropriate member of staff at Goldlake to resolve within a reasonable period. During the two year period - 2012 to 2013, the relationship between Goldlake and the cooperatives have been excellent and there have been no unresolved work stoppages or disputes.

**Regional and National engagement.** Goldlake Group has been an active partner with the Honduran government to implement the Extractive Industries Transparency Initiative (EITI). We have met with government officials and advised them on the potential implications for the extractive industry in the country of adopting of the standard, and have been an advocate for public disclosure among our peers.

We also regularly engage the regional government to discuss ways to increase employment, to improve our partnership and to align our business model with their regional development goals.

Engagement remains a key focus for Goldlake for the future of the business and we continually challenging ourselves to increase the forms and effectiveness of our communication with key stakeholders. Additional KPI's will be designed for 2014/15 alongside performance targets.



# 9. Our Sustainability Performance

## 9.1 Financial performance

Goldlake Italia S.p.A. owns 30% directly and 70% indirectly (through Goldlake Investments Ltd owned 60%) of **Eurocantera SA de C.V.**, a Honduran company which has an exploration concession area of 7.800 hectares in the Valley of Lepeguare - department of Olancho in central Honduras (130 km north-east of the capital Tegucigalpa) and Five Star Mining SA de C.V.

There are two types of mineral presences that have been found in the area and which exploration activities have shown are viable under the current business plan:

- Epithermal veins of variable width and depth.
- Quaternary alluvial deposits near the Rio Guayape.

From an infrastructure point of view, access to the project from Tegucigalpa, the capital of Honduras, is good with travel times less than two hours by car.

Financial figures are influenced by recent commodities price trends, especially of iron ore, and change of production strategy of gold. The outlook of the main performances is not positive in the short term, depending on international market situation. Dedicated actions are being pursued to save costs and to find scale.

### Eurocantera SA de C.V.

#### 2013 Economic-financial results highlights

Net Revenues: 4.080.445,21 USD  
(100% to Goldlake IP - Italy)  
EBITDA: \$1,489,648.00 / Lps 30,612,277.00  
EBIT: \$1,623,343.00 / Lps 33,359,694.00

**Capitalization**  
Equity: \$1,203,440.73 / Lps 24,730,707.00  
Debt: \$19,521,529.00 / Lps 401,167,431.00

Total Assets:  
\$19,375,432.00 / Lps 398,165,134.00  
Costs: \$4,253,100.00 / Lps 87,401,206.00  
(100% Honduran based suppliers)

Production 2013: 95.1 kg. of Gold  
Operations: 1 concession area  
Employees:  
20 (100% Honduras based)

### Goldlake Group

#### 2013 Economic-financial results highlights

Revenues: 150,2 \$M  
Ebitda: 19,5 \$M  
Ebit: 17,5 \$M

**Five Star Mining SA de C.V.**  
**2013 Economic-financial results highlights**

Net Revenues: 70,050,416 USD

EBITDA: \$ 2,115,161 / Lps 43,561,114

EBIT: \$ 122,530 / Lps 2,523,462

**Capitalization**

Equity: \$ 848,455 / Lps 17,483,979

Debt: \$ 50,024,874 / Lps 1,030,247,264

**Total Assets:**

\$ 50,873,829 / Lps 1,047,731,243

Costs: \$ 69,984,658 / Lps 1,441,313,036  
(100% Honduran based suppliers)

Production 2013: 1,801,741 tons

Operations: 1 concession area

Employees:  
171 (100% Honduras based)



## 9.2 Community

Establishing mutually beneficial relationships with the local communities is essential to the success of our business.

Goldlake activities in Honduras rely upon the communities surrounding the mines, a great deal of our success in the country is due to the use of local workers, local suppliers and continual engagement with local, regional and national groups and individuals.

As our mines develop in a continually changing economic environment it is crucial to promote capacity development in the surrounding communities. Because mining is a temporary activity, for people to benefit, they need to acquire skills that can be applied in other economic sectors and improve the productivity of their traditional livelihoods. In this way, mining communities will continue to flourish, grow at an appropriate pace and follow a development path that is right for them well beyond the life of the mine.

### 9.2.1 Employment

**Goldlake Group employment:** Table to show employment figures for 2013

Area of operation	Employee nationality			
	Honduras	Italian	Guatemala	Peru
Tegucigalpa (Head Office)	19	1	0	0
Agalteca (Five Star Mining)	147	1	3	0
Olancho (Eurocantera)	19	0	0	1
San Lorenzo (port)	5	1	0	0

We employ technical specialists from Honduras, combined with expertise from around the world to provide guidance and support our staff and contractors.

Two qualified engineers at our operation are successful candidates from our scholarship program that sponsors advanced studies in Italy. Our commitment, articulated in the Goldlake Group's Human Resource policy, is to

actively seek local employees to fill positions at our operations. In 2013 67% of the senior management in our Honduras activities were Honduran nationals with over 96% of all Goldlake workers in Honduras being from the country.

The unique co-operative contractor model at our mines allows local people to have collective strength that protects jobs and fair wages (it is written into the contracts of all employees and cooperative agreements that there will be no barriers to the freedom of collective bargaining), while providing a loyal and effective workforce. As well as working with small-scale mining co-operatives (see Section 5), the co-operative model is replicated in the transport organisations which carry iron ore from Agalteca to the port at San Lorenzo on the south coast of Honduras for shipping. The transport co-operatives provide hundreds of jobs to Honduran nationals and the co-operative model allows for shared infrastructure and services such as fuel re-filling stations, truck parks and maintenance facilities.

#### Definition of senior management

A group of high level executives that actively participate in the daily supervision, planning and administrative processes required by a business to help meet its objectives.

### 9.2.2 Artisanal & small-scale mining

At Eurocantera in Honduras, independent local artisanal miners that operate inside our concessions have supplied more than one third of Eurocantera's total gold output and have been fully integrated with our operating systems.

Since the beginning of our operation our relationship with the artisanal miners has been based on trust, sharing a common goal for the growth of the mine, and collaborating on achieving mutually agreed production targets.

The artisanal miners enjoy the same benefits as our employees and they have full access to our company's health clinic. With the miners, we have developed and introduced appropriate extraction and processing technology into their operations that have increased their efficiency and productivity. We provide support to the mining groups to enable them to manage the revenue from the sales of gold and make investments in their community that will lead to improvements in their quality of life.

Artisanal and small-scale mining takes place at 1 (50%) of our operating sites.

#### Employment Facts Goldlake Honduras

- 200 full and part-time employees,
- 500 indirect employees
- 96% Honduran Nationals
- 85% from communities within 20 miles of the operations
- 60% of employees earn higher than national average;
- 40% of salaries are the national average

Purchasing from artisanal miners ensures that the communities and individuals we buy from follow the same principles as stated in the Goldlake Code of Business Ethics and Conduct.

#### Infrastructure Development Facts

- Road building for 8 km (maintenance 50 km)
- Housing support to 100 families in progress
- Construction of three institutional buildings including the Municipality, and Catholic Church

#### Quality of Life Facts

- Health and safety standards introduced and compliance met by all third party suppliers and co-operatives that have business relations with our operations: positively affecting over 2000 individuals
- Medical clinic serving all community members: positively affecting over 3000 individuals
- Water and sanitation projects improved access to clean water for 3000 individuals
- Campaign with government to eradicate serious tropical disease

#### Capacity Development Facts:

- 6 Foreign scholarships awarded to geology and mining engineering students
- 4 Schools supported
- Institutional strengthening, supporting 2 patronatos and local governments, so they can better govern

### 9.2.3 Social infrastructure

The mining activities at Agalteca and to a lesser extent, Eurocantera, have provided significant improvements to local infrastructure with appropriate roads now connecting the mines to main roads, these roads are maintained by Goldlake group but utilised by all local residents.

The health clinic at Eurocantera is utilised by the local community as well as Goldlake employees, who also benefit from improved access to clean water and protection against serious disease.

At Agalteca the money given by Goldlake to the local community has paid for a communal town park and continues to fund a number of projects. The town council decides on which projects are required and this decision making process is supported by Goldlake technical experts where appropriate.

### 9.2.4 Capacity building and local supply chains

Alongside the direct employment of co-operatives in the mine and transport, the mine in Agalteca supplies many other direct jobs for part time technicians, cleaners and other contract workers. The town of Agalteca has grown significantly directly due to the employment provided by Goldlake which brings significant indirect local employment opportunities and improved facilities and infrastructure (see 9.2.3).

A number of 'new' jobs have been created in the local communities and Goldlake group continue to engage regularly with communities to encourage diversity in employment and capacity building to prepare communities

for the time that extractive activities cease. The ultimate aim is to ensure that not only is the environmental impact of the whole life cycle of the mine considered but also that the social impact is at worst neutral and ideally positive with the communities thriving from the initial economic investment brought about by Goldlake activities in the area.

#### Donations over HNL 100,000

- Electrification of the La Lomita neighbourhood of Agalteca in collaboration with the City of Cedros
- Repairs on the road from Agua Blanca to Agalteca
- Contribution to repair of main bridge into Agalteca
- Donation to National Police of Honduras



Summary of community donations 2004 to 2013 ↑

### 9.3 Working conditions

We ensure that our workers are treated consistently well as they are key to our operations. Working conditions at Goldlake are written into individual contracts with all full time employees and stipulated within co-operative agreements, Goldlake Group complies with all national and international laws regarding working conditions, working hours, overtime and health and safety.

To ensure we are remaining compliant with working law conditions we have a dedicated Human Resources team, a grievance mechanism that is certified to the standards of the Responsible Jewellery Council that subjects our operations to audits on all our working conditions.

## 9.3.1 Health & safety/emergency preparedness

We are committed to a safe and healthy workplace and incorporating health and safety into organizational culture for our employees by working to the highest international standards.

**We provide a health and safety training programme for our employees and contractors at the mine in order to prevent incidents on-site, with the objective to achieve a 'zero incident' facility. Additionally, we provide free 24 hour medical assistance to all our employees and their families.**

It is the duty of management to ensure all processes and operating systems have undergone health and safety risk assessments, are properly supervised at all times, and are designed and managed to enable employees to raise and be consulted upon issues of health and safety at any time. Goldlake provide all appropriate personal protective equipment and regular checks are undertaken to ensure it is current, worn and used correctly. Competent personnel are appointed to ensure all statutory duties are complied with including, where appropriate, independent specialist advice to ensure compliance through regular monitoring and audit.

It is the responsibility of all employees and contractors to co-operate to enable all statutory duties to be complied with and employees must ensure their own health and safety at work and the health and safety of anyone else who might be affected by their behaviour. Any accident on site is unacceptable and we are working hard to reduce it in 2014 as part of our drive towards 'zero incidents' on all sites. 2013 saw an increase in injuries and subsequent lost days. However, none of the injuries were serious, only twisted ankles and minor cuts/contusions. Absenteeism was much higher in 2013 and we are working to reduce this number in the future. Free medical facilities are available for staff at our mine sites.

	2012	2013
Number of Injuries (excluding injuries requiring only basic first-aid)	0	4
Occupational Disease	0	0
Lost Days (scheduled work days)	0	27
Absentee (scheduled work days)	16	155.5
Fatalities	0	0





Goldlake seeks to avoid civil conflict and is committed to ensure all human rights are upheld in line with the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

### 9.3.2 Fair wages

We are committed to pay wages equal to or above national minimum wage in whichever country we are working in. It is within our code of conduct to respect the people we work with through staying in line with national law on wages and treatment at work, this includes no forced labour and providing appropriate compensation for voluntary overtime in line with our contractual agreements.

### 9.3.3 Human rights

Goldlake seeks to avoid civil conflict and is committed to ensure all human rights are upheld in line with the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We complete risk assessments at all our operations and facilities to understand the potential for human rights incidences related to public and private security and will align our policies, procedures and staff training related to security at our mines with the Voluntary Principles on Security and Human Rights.

← Plant nursery for reforestation of the mine area

We have developed internal management systems to ensure respect for international standards of human rights across all areas including: diversity; indigenous peoples; use of security personnel; fair wages; working conditions; forced and child labour and freedom of association and collective bargaining.

Our operations are expected to engage in open dialogue with neighbouring communities and their representatives - governmental and non-governmental - so as to ensure issues from our operations are anticipated, identified and managed before our employees or neighbours of the company are placed at risk. Goldlake ensures any incidents of non-compliance with international standards of human rights are investigated and addressed in an appropriate manner without compromising the confidentiality, or placing at risk any individuals or groups involved.

### 9.3.4 Equality/diversity

We currently employ 12% women on the mine and have a non-discrimination policy when it comes to hiring.

Area of operation	Total Employees	Males	Females	Permanent	Temporary	Part Time	Full Time
Tegucigalpa	20	9	11	20	0	0	20
Agalteca	151	134	17	149	2	0	151
Olancho	20	16	4	20	0	0	20
San Lorenzo	6	6	0	6	0	0	6
	<b>197</b>	<b>165</b>	<b>32</b>	<b>195</b>	<b>2</b>	<b>0</b>	<b>197</b>

↑ Data correct as of 13/02/2014.

## 9.4 Environment

Mining inevitably disturbs the natural environment: it is our clear responsibility to manage, and ultimately leave our operations in a condition that meets our aspiration to have a no net loss on the environment. Both of our Honduran mines have potential significant environmental impacts and, therefore, we have recruited qualified specialists and trained our environmental teams

at our Eurocantera and Five Star Mining sites to manage effectively the risks to the local ecology from our activities. The expectations for our staff is to perform at a standard above industry norms; this is critical to our continuing to operate in sensitive environments and meet our corporate purpose to have a positive impact on the people, communities and the environment touched by our operations.

At Five Star Mining we have increased production steadily since operations began and we are now mining over a total area of 23.66ha of previously forested land. This creates a significant mark on the local environment that Five Star Mining has committed to restore to at least the same level of environmental value as before we began mining the site (see 9.4.3). This commitment is outlined in our license to operate from the Honduran government that we are audited against annually. We are proud to say that we continue to maintain excellent relations with the local community and the Honduran government over environmental issues and monitor all significant risks to ensure we leave no negative impacts from our activities.

#### Environmental Protection Facts

- Planting of trees to increase the forest cover five-fold at exit
- Re-landscaping of mined areas to return to near-natural state
- Hydrological improvement to reduce canalization and enhance river life

#### At Eurocantera gold mine we continue to work to our targets for environmental management:

- 100% reuse of mining material waste;
- 100% mitigation of any damage to ecosystems and natural habitats, and
- The introduction of zero-pollution technologies.

In 2012 both of Goldlake's mining operations began to install ISO 14001-compliant Environmental Management Systems (EMS); a process that is now nearly complete as we implement the system across the Honduran operations. The challenge facing us is to maintain our performance as our mines expand, look for ways to enhance local environmental conditions, and to improve the areas where we live and work. Through the development of the comprehensive EMS we have identified all potential impacts at our sites and incorporated their management into our routine operating procedures and through setting annually reviewed targets.

Starting in 2013 we have implemented our EMS through an online platform. The platform allows Goldlake managers access to live performance data from anywhere in the Group, including from our parent company's head office in Italy.

## 9.4.1 Energy

In our group energy consumption is greatest at our Five Star Mining iron ore mine; the most significant needs are to power the screening and sorting plant, and to pump water around the site. Lacking the infrastructure to access the public electricity grid, the sole source of power is from the burning of diesel fuel in generators. We have reduced our overall diesel use per tonne of product extracted from 0.88Gls/t in 2012 to 0.87Gls/t in 2013.

**Overall our energy breakdown for 2012/2013 was the following:**

Site	Diesel Usage (Gls)		Electricity Usage (kwh)		Overall Energy (GJ) (and primary energy consumed during production)	
	2012	2013	2012	2013	2012	2013
Five Star Mining	1,427,500	1,569,366	0	0	196,995	216,573
Eurocantera	13,315	8,999	0	0	1,837	1,241
Head Office Tegucigalpa	0	0	23,783	93,187	85 (156)	335 (611)
					<b>198,917</b>	<b>218,149</b>



Diesel converted at US gallon = 0.138 GJ,  
Honduras total electricity generation = 1191 ktoe,  
transmission losses = 538ktoe,  
efficiency = 54%. (source:IEA).

We have always looked for new ways to reduce energy consumption at our mining sites. In 2015 we will formalise this process by setting reduction targets as part of our Environmental Management System

Over the reporting period Goldlake Group has been in negotiations with national government and private investment companies to allow the building of a hydroelectric power station in the region that would supply Five Star Mining with 100% renewable electricity to site. Goldlake Group are already engaged in due diligence of the proposed project to ensure it is aligned to Goldlake's social and environmental principles as defined in the Goldlake Sustainability policy.

## 9.4.2 Climate change

At Goldlake Group we recognise that our mined products, although they are demanded the world over to build business and economies, also contribute to global Green House Gas (GHG) emissions, a significant anthropogenic cause of climate change. Our GHG emissions can be accurately calculated at the mining operations. In Honduras, in 2012 our GHG emissions<sup>1</sup> were 13,993

<sup>1</sup> GHG emissions based on 9.704 kgCO<sub>2</sub>/US Gallon for diesel and 0.4595 kgCO<sub>2</sub>/kWh for electricity

tCO<sub>2</sub>e; in 2013 they had risen to 15,360 tCO<sub>2</sub>e. The absolute change in GHG emissions can be attributed to increased production at the mine sites; the emissions relative to our production, however, have decreased. At Five Star Mining, GHG emissions per tonne were 8.45 KgCO<sub>2</sub>e/Tonne ore in 2013 compared with 8.58 in 2012. We are encouraged by the efficiency drives at Five Star Mining. Our GHG emissions include all scope 1 and 2 emissions according to the WRI GHG Protocol. Measurements are based on data from invoices

Lifecycle analysis of industrial minerals and metals reveals that most GHG are emitted after the primary material leaves the care of Goldlake Group and as the materials are transformed into manufactured products.

Nevertheless, we realize our significant role to reduce our GHG emission to a minimum and aim to reduce our direct GHG emissions per tonne of product further in 2014 through a series of efficiency programmes outlined in our new EMS. These initiatives will include improved transport and more efficient plant on our site.

## 9.4.3 Biodiversity

To access minerals found beneath the Earth's surface, it is impossible to avoid removing trees, plants and soil - habitat for fauna - from the surface. We believe that if the mine plan is intelligently designed and thoughtfully executed, many impacts can be avoided and, in the medium to long term, mitigated. Goldlake realise that planning is key to successful rehabilitation programmes and it is our aim to leave the areas we impact with no negative effects and where possible with a net positive impact.

**We have installed a plant nurseries at both our Eurocantera and Five Star Mining sites. Staffed by local people, the nurseries nurture local plant species to ensure the planned re-planting regime for the disturbed areas represents the most natural and diverse flora possible.**

As part of the agreement to mine the concessions at both Five Star and Eurocantera Goldlake Group are planting five trees to every one removed, a scheme that is rigidly followed by electronically plotting each new tree onto software that allows the authorities to continually monitor adherence to the agreement.



#### 9.4.4 Waste

Goldlake Group's operations are designed as a "closed loop" system, wherever possible, with any non-usable material removed from the ground stored within the site in graded piles and temporarily vegetated to avoid erosion and water run-off whilst extraction continues.

**The material is gradually re-used as part of the process of returning the site to post mine activities as per the agreed closure plan for the mine sites.**

Detailed plans for the re-distribution of inert material are in place for Five Star Mining where large pits are to be gradually re-filled with the inert mined material whilst at Eurocantera the plan is to rebuild all of the removed river banks with the same material as was removed in line with strict grading requirements to ensure the bank remained as close to a 'natural' state as if not disturbed. All surplus material is donated for local infrastructure construction.

At Eurocantera, Goldlake Group has committed to a production process that does not use any of the harmful chemicals which are common throughout the rest of the industry.

As part of the new EMS at Goldlake Group we have begun to record quantities of non-organic waste leaving our Honduran sites. By driving waste reduction methods and educating workers on the importance of responsible disposal of non-organic waste, we expect to see less impact on the local environment and that our workers will be better able to manage risks associated with waste, not just when on site but at all times.

#### 9.4.5 Land

Our activities have disturbed an area of 23.66ha at Five Star Mining, which is the site with by far the largest surface area. Currently none of this land has been rehabilitated because it is all still being actively mined. Goldlake has recruited a team of on-site geologists and technicians at Five Star Mining to continually assess the geology of the concession and plan for the optimal extraction strategy that allows for minimal disturbance to land to extract the most and highest-grade mineral. A strict management system is in place to identify mineralisation types and grades prior to extraction, which allows for managed segregation of stockpiles and mitigates the risk of leaching of hazardous materials from heavy metals. To date no hazardous heavy metals have been extracted at either of our mines. Any discovery of new unexpected and potentially harmful material is immediately reported to the mine manager and escalated to the Regional Director.

## 9.4.6 Water

At Eurocantera we mine alluvial gold from the banks of the Guayape River using grading machines with water and gravity to extract the precious metal. The system has a closed-loop water settling mechanism to reduce the impact of increased sedimentation in the river. Our ability to process without using chemicals and return the materials (less the gold) to the area from where they were extracted allows us to have little or no impact on the river and its surroundings.

**We have a robust upstream and downstream water quality testing protocol carried out by our engineers and reported to the government on an annual basis.**

Since the beginning of our operations in 2004 we have seen zero incidents of increased pollution caused by our activities either upstream or downstream of the site.

At Five Star Mining the potential to pollute water is greater as we remove aquifer water as we dig deeper and because there are two major river tributaries, Rio Santa Clara and Rio Agaltequita, inside the concession. Through effective management of underground water removed by mechanical pumping we can ensure we do not impact the overall water table and maximise the use of water on site in post extraction processes.

Regular testing for water quality on both rivers on the concession are completed periodically to ensure the extensive array of sediment banks are adequate. Since the start of operations in 2006, we have been able to report to the Honduran authorities that we have had zero significant incidents of increased sedimentation.

## 9.4.7 Air quality

At Five Star Mining the continual movement of trucks transporting ore and of digging equipment around the site over un-metalled roads creates dust that has an impact on air quality. The grading and crushing equipment throw off dust and any of Goldlake staff working on the equipment are required to wear respiratory equipment and face masks.

Air quality is tested regularly on site to ensure employees are never exposed to levels of air quality that could potentially have a negative impact on human health. If such levels were ever encountered work would immediately stop.

Furthermore, the effect of dust on local farms is monitored. Water trucks continually circle the site and the access road damping down the roads to ensure dust levels in the air are reduced. These rotations are increased in the summer months and in dry periods.

As part of our commitment to our neighbours, at Five Star Mining we bear the full cost to maintain the 20 km of public access road from the mine to the main highway, which has proved to prevent excessive dust creation and reduce driving accidents. Goldlake Group also funds the operation of regular rotations of water trucks to damp down the access road in the summer months to reduce the impact of dust on crops and townships, the mine is in continual contact with the communities and farmers on the route to ensure the dust is adequately controlled and additional runs of damping down can be carried out on request.

## 9.4.8 Closure planning

Mining is a temporary land-use with great potential to create wealth and benefit communities and host countries. A poor mining legacy can tarnish the reputation of companies and the industry, however.

**For Goldlake Group, it is a clear management objective to show that we can leave our sites having had a net positive impact for the economy, the environment and for people and communities. With this in mind we have detailed and continually review our closure plans for both our sites in Honduras.**

At Eurocantera the low-impact alluvial mining site has few potential impacts on the environment and, as discussed in section 9.4, intelligent management at the site mitigates these impacts. The contribution to social and economic benefits in the area post closure include the training of local community members in small and semi-industrial responsible mining techniques, transferable skills, and an employment track record. As well, we will leave behind community infrastructure such as village halls, churches, improved roads and medical facilities that will continue to run long after the closure of mining activities.

At Five Star Mining many local families are currently financially dependent on

mining, and on our operations in particular. Although the mine is expected to operate for another 20 years, to prepare for the transition at closure Five Star Mining has already begun the process of encouraging diversification of economic activities in the region with agricultural training and investment in skills training centres in the local town of Agalteca.

**The economic benefits of the mine have made the town relatively wealthy and the number of businesses providing auxiliary services has grown commensurately.**

These businesses and skills are beginning now to be demanded outside of the Goldlake Group operations and we are optimistic that the business that have been established in the town will be able to find new customers in the coming years. Five Star Mining continues to have daily liaison with town officials and to maintain excellent communications on not just the activities of the mine at present but also on how to invest the capital donations from Goldlake.

Goldlake Group maintains an environmental closure plan for Five Star Mining that was written and agreed by the government of Honduras at the outset of operations in 2006.

The Group is planning to create a dedicated fund to provide the financial provision for closure of both mine sites.

## 9.5 Products

Goldlake produces gold (Eurocantera) and iron ore (Five Star Mining). All products are tested for quality on site to allow for the best price to be achieved from clients. We pride ourselves on meeting clients' expectations and ensure that all quality checks are robust on every single gram of product that leaves our facilities.

In 2012 we produced **311.78** kg. of gold

In 2013 we produced **95.1** kg of gold

In 2012 we produced **1,614,472** tonnes of iron ore

In 2013 we produced **1,801,741** tonnes of iron ore



### 9.5.1 Material stewardship

For the gold produced at our Eurocantera operation, we have established a unique vertical supply chain from extraction through to the end customer, over which we have complete control. We can assure our customers delivery of the highest quality product and that our environmental and social standards are upheld at every stage of production and marketing.

Eurocantera's gold is refined in Arezzo, Italy, where we have a precious metals refinery. This refinery is dedicated to process only gold from our mine in Honduras, thereby ensuring the final product that we supply to our customers is fully traceable. The refinery is certified by the Responsible Jewellery Council's Code of Practices certification.

We complete Know Your Customer due diligence on all our customers and contractors and our business integrity and product integrity policies and protocols meet the requirements of the Responsible Jewellery Council.



# 10. Key Performance Data

## Community

**EC7:** Procedures for local hiring and proportion of senior management and workforce hired from the local community at locations of significant operation

Area of Operation	Employee nationality			
	Honduras	Italian	Guatemala	Peru
Tegucigalpa (Head Office)	19	1		
Agalteca (Five Star Mining)	147	1	3	
Olancho (Eurocantera)	19			1
San Lorenzo (port)	5	1		

Area of operation	Honduras
Percentage of Senior Management from local area	67% Honduran nationals

**EC8:** Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement

	2012	2013
Total stakeholder investment	HNL. 2,420,350	HNL. 2,836,550

## Environment

**EN3:** Direct energy consumption by primary energy source

	Total Energy Consumption: Diesel			
	FSM (Gallons)	Eurocantera (Gallons)	Total (Gallons)	Total (gigajoules)
2012	1,427,500	13,315	1,440,816	198,833
2013	1,569,366	8,999	1,578,365	217,814

**EN4:** Indirect energy consumption by primary energy source

	Electricity consumption (kWh)	Energy (gigajoules)	Primary fuel consumed in production
2012	23783	85.62	156
2013	93187	335.47	611

Honduras total electricity generation = 1191 ktoe, transmission losses = 538ktoe, efficiency = 54%. (source:IEA)

Ktoe = thousand tonnes of oil equivalent

**MM1:** Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated

Total land disturbed and rehabilitated so far	Total amount of land newly disturbed in 2013	Total amount of land rehabilitated in 2013	Total land disturbed and not yet rehabilitated
0 ha	data not available	0 ha	23.66ha

Five Star Mining only. Not possible to calculate for Eurocantera because the mining activities are on a small scale on the banks of the Guayape River.

**EN16:** Total direct and indirect greenhouse gas emissions by weight

	Diesel		Electricity		tonnes CO2e
	Consumption (US Gallons)	Emissions Factor (kgCO2/US Gallon)	Consumption (kWh)	CO2 Emissions Factor (kgCO2/kWh)	
2012	1440816	9.704	23783	0.459	13,993
2013	1578365	9.704	93187	0.459	15,360

## Human Resources

**LA1:** Total workforce by employment type, employment contract, and region

	All		Tegucigalpa		Agalteca		Olancho		San Lorenzo	
Employees	Total		Total		Total		Total		Total	
	197		20		151		20		6	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
	165	32	9	11	134	17	16	4	6	0
Contract Type	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Permanent	165	30	9	11	134	15	16	4	6	0
Temporary	0	2	0	0	0	2	0	0	0	0
Part Time	0	0	0	0	0	0	0	0	0	0
Full Time	165	32	9	11	134	17	16	4	6	0

**LA7:** Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region

	2012	2013
Number of Injuries	0	4
Occupational Disease	0	0
Lost Days (scheduled work days)	0	27
Absentee (scheduled work days)	16	155.5
Fatalities	0	0

## ASM

**MM8:** Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks

Mine Site	Eurocantera	Five Star Mining
Number of mining sites	1	1
Number of sites where ASM takes place	1	0

## Mine lifecycle

**MM10:** Number and percentage of operations with closure plans

Mine Site	Eurocantera	Five Star Mining
Number of mining sites	1	1
Number of sites with a closure plan	1	1

# 11. GRI Content Table & Standard Disclosures

GRI Profile Disclosure	Description	Reported	Location reference
1.1	Statement from the most senior decision-maker of the organization	Fully	3.0
1.2	Description of key impacts, risks, and opportunities.	Fully	4.0, 9.1.4 - 9.4.8
2.1	Name of the organization	Fully	2.0
2.2	Primary brands, products, and/or services	Fully	2.0
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Fully	2.0
2.4	Location of organization's headquarters	Fully	back cover
2.5	Number of countries where the organization operates	Fully	1.0
2.6	Nature of ownership and legal form	Fully	2.0
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Fully	2.0
2.8	Scale of the reporting organization	Fully	9.1
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Fully	1.0
2.10	Awards received in the reporting period	Fully	3.0
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	Fully	1.0
3.2	Date of most recent previous report	Fully	1.0
3.3	Reporting cycle	Fully	1.0
3.4	Contact point for questions regarding the report or its contents	Fully	back cover
3.5	Process for defining report content, including	Fully	4.0
3.6	Boundary of the report	Fully	1.0

GRI Profile Disclosure	Description	Reported	Location reference
3.7	State any specific limitations on the scope or boundary of the report	Fully	1.0
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities	Fully	1.0
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Fully	9.4.1 & 9.4.2
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	n/a, first report	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	n/a, first report	
3.12	Table identifying the location of the Standard Disclosures in the report	Fully	11.0
3.13	Policy and current practice with regard to seeking external assurance for the report	Fully	1.0
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	2.0
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Fully	2.0

## GRI indicators

GRI Profile Disclosure	Description	Reported	Location reference
4.3	Number and gender of members of the highest governance body that are independent and/or non-executive members	Fully	2.0
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Fully	back cover
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance	Fully	5.0
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Fully	2.0
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Fully	2.0
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Fully	9.3.3 & 6.0
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	Fully	6.0
4.14	List of stakeholder groups engaged by the organization	Fully	7.0
4.15	Basis for identification and selection of stakeholders with whom to engage	Fully	7.0
4.16	Approaches to stakeholder engagement	Fully	7.0
4.17	Key topics and concerns that have been raised through stakeholder engagement	Fully	7.0

GRI Profile Disclosure	Description	Reported	Location reference
EC7	Procedures for local hiring and proportion of senior management and workforce hired from the local community at locations of significant operation	Fully	9.2.1
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Fully	9.2.3
EN3	Direct energy consumption by primary energy source	Fully	9.4.1
EN4	Indirect energy consumption by primary energy source	Fully	9.4.1
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	Fully	9.4.5 & 10.0
EN16	Total direct and indirect greenhouse gas emissions by weight	Fully	9.4.2
LA1	Total workforce by employment type, employment contract, and region	Fully	9.2.1
LA4	Percentage of employees covered by collective bargaining agreements	Fully	9.2.1
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	Fully	9.3.1
MM8	Number (and percentage) of company operating sites where artisanal and smallscale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	Fully	9.2.2
MM10	Number and percentage of operations with closure plans	Fully	9.4.8

# 12. Statement from Independent Auditor



## EXTERNAL ASSURANCE STATEMENT

GRI APPLICATION LEVEL: C+

### Scope of Assurance

UL's Responsible Sourcing Group (UL) was commissioned by Goldlake Group (Goldlake) to conduct an assurance engagement on its 2013 Sustainability Report (Report). The scope of our assurance covered the GRI Standard Disclosures: Profile and a selection of the GRI Standard Disclosures: Performance Indicators for Economic, Environmental, Human Rights, Labor Practices and Decent Work, Product Responsibility (Subject Matter), as related to the activities of the Goldlake Group including a precious metals refinery and two mining subsidiaries.

### Objectives

The objective of the assurance engagement was to independently express conclusions on the Subject Matter as defined within scope, validate claims, and analyze the final presentation of disclosures in accordance with the Global Reporting Initiative's G3.1 Guidelines. Criteria for Assurance and Level of Assurance Procedures selected were based on UL's judgment and experience. The focus of all work performed was whether any matters have come to our attention causing us to believe that the material data found in Goldlake's 2013 Sustainability Report has not been prepared in accordance with the Global Reporting Initiative's G3.1 Guidelines.

### Methodology

Our activities included a review of the report content, reporting metrics and a selection of source data. Our certified GRI reporter reviewed all the core performance indicators, profile disclosures, management approaches and assessed the information based on the GRI Guidelines to ensure it met the principles for ensuring report content and quality, as defined by the GRI.

### Outcome

Data and information disclosed in Goldlake's 2013 Sustainability Report, with the indicated level of assurance as follows:

- The application of GRI's Standard Disclosure: Profile requirements to the sustainability report with a limited assurance.
- The application of GRI's Standard Disclosure: Performance Indicators for Economic requirements to the sustainability report with a limited assurance.
- The application of GRI's Standard Disclosure: Performance Indicators for Environmental requirements to the sustainability report with a limited assurance.
- The application of GRI's Standard Disclosure: Performance Indicators for Labor Practices and Decent Work requirements to the sustainability report with a limited assurance.

### Opinion

Based on the assurance procedures conducted, we confirm with limited assurance that the GRI requirements for Application Level C+ have been met.

### Signed on behalf of UL's Responsible Sourcing Group

Los Angeles, California

Loretta Tam  
Project Lead



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