

From: Admin AGR [mailto:admin@agr-afr.com]
Sent: Thursday, October 04, 2018 5:03 PM
To: 'research@thesentry.org'
Subject: Request for Comment -- AGR

To: The Sentry,

In response to your additional questions, we are pleased to provide you the following information.

1. The email mentioned that AGR is a service company and not a trading company. What due diligence responsibilities do you believe that the company has? Is your understanding that this responsibility is more limited than for other refiners that purchase and sell gold? Have you received guidance from auditors, lawyers, or others that confirm this understanding?

AGR's Due Diligence Management System is based on the OECD Due Diligence Guidance on Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the Gold Supplement to the OECD Due Diligence Guidance. Apart from this, AGR's Anti-Bribery Policy & Compliance Handbook is implemented and maintained to eliminate the risks of corruption and money laundering associated with the sourcing of gold: <http://www.gold.africa/wp-content/uploads/2017/02/Anti-Bribery-Policy-Compliance-Handbook-1.pdf>. AGR has similar responsibility as any other refinery yes, we received the guidance from our lawyer (Tem Advocates) AGR's in-house legal team while AGR complies with these guidelines and endeavors to maintain the highest standards in the responsible sourcing.

2. The email mentions that 90% of gold handled by AGR comes from licensed dealers. What are the main countries and mines of origin of that gold? Do you have documentation that you can share that confirms this information?

The origin of the gold is mainly African Regional supply, including: Tanzania, Kenya, Uganda, Rwanda and DRC.

3. The email mentioned that Martello Risk will conduct an audit in 2018. Will that be under the ICGLR certification process, as part of its third-party audits? If so, did the ICGLR accredit Martello Risk for this particular audit?

This will be a third party audit, as we are aware that the ICGLR mechanism and structures is not yet fully implemented in the region therefore the scheduled audit is not under the ICGLR certification process.

4. You stated at the OECD conference in 2017 that AGR handles some undocumented gold. Is that no longer the case? If it is, do you know roughly what percentage of the gold that AGR handles is undocumented? Is there a policy or process change AGR has made that formalized this?

AGR is still accepting what we called the *undocumented gold* or *small scale gold dealers*, particularly from Kampala market, that includes: old jewelry, damaged or old chains, used necklace, bracelets, dental scrap and other scrap jewelries. The person is being checked by presenting his/her original identification card subject for cross checking and verification by our compliance person.

5. Has AGR made any sourcing changes since its inception, given the high risks of non-certified gold that has possibly benefited armed actors in Congo?

This scenario is too often misunderstood by the some NGO's and media, though armed group is playing a central role in conflicts, during the 35 years in this line of business, we have never seen a single military coming-in to our facilities to offer or deal gold with us neither direct nor indirect.

6. The e-mail states that AGR has "turned down a considerable number of individuals who did not have the relevant and necessary documentation." Can you provide examples of any such situations? Or documentation that provides more specific statistics?

In compliance with AGR's Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High Risk Areas, AGR is committed to refraining from any action which contributes to the financing of conflict.

The major example we could provide is that when the prospective supplier/s have not fully complied with our due diligence guidelines & procedure, their account opening process will be immediately terminated.

On the other hand, if the applicant conforms to AGR's compliance process and requirements, their account opening application will be completed.

7. AGR officers have said in public a few times that the company has refined gold from South Sudan. Does AGR no longer refine gold from South Sudan?

The above quoted information is misleading since AGR has numerously stressed that none of the gold comes from South Sudan have been processed at the facility.

8. Did AGR export gold in 2017 to Motiwala Jewellers? Is AGR aware of the relationship between Motiwala and Kaloti Precious Metals? AGR have not exported to Motiwala in 2017. On the other hand, AGR is not aware of the relationship between Motiwala and Kaloti Precious Metals.
9. Ugandan export records state that AGR exported 9.3 tons of gold in 2017. The email says that AGR exported 7.3 tons. Do you know why there is a discrepancy between those figures? Could you provide documentation demonstrating the email's claim?

To be more precise, AGR exported 7,721,000 gms in 2017. AGR's exported figures is being declared to the Bank of Uganda on monthly basis and captured by the Uganda Revenue Authority during the time of export.

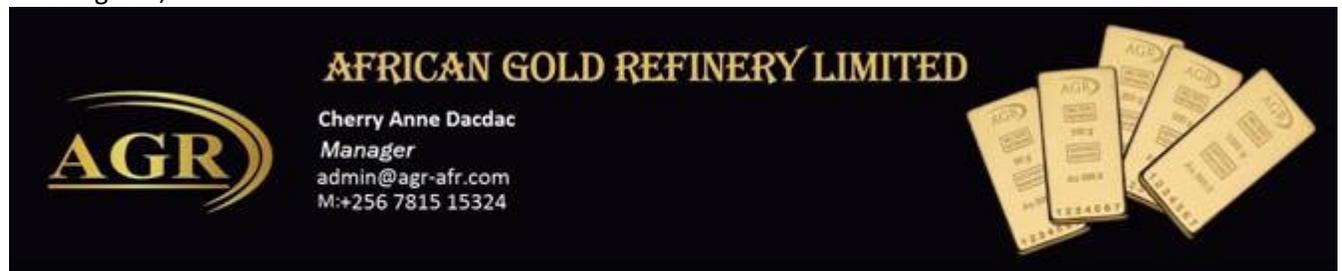
10. The email states that AGR and Goetz Gold are "preferred partners." Can you explain that term?

Preferred partner refers to the service provider (Goetz Gold LLC) and another party who is willing or allowed to deliver their products (AGR). Being a preferred partner provides pre-determined advantages and privileges between the parties.

11. The email mentioned that AGR came to an agreement on non-reporting with the Financial Intelligence Authority in Uganda. Do you have any documentation related to that agreement from the FIA?

We refer to our e-mail dated 31st August 2018 on point number 13 wherein we had mentioned that AGR has not registered with the Ugandan Financial Intelligence Authority because it is not a requirement for us to do so. AGR lawyers had a meeting with FIA on November 2017 and a NON-REPORTING PROCEDURE was agreed. Though, there is no written agreement, yet after submitting our response to their queries FIA have not communicated to us further. We would like to reiterate that AGR operates under Manufacture Under Bond license.

Kind Regards,



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From: Sentry Research [mailto:research@thesentry.org]
Sent: Tuesday, October 02, 2018 3:31 PM
To: admin@agr-afr.com
Subject: Re: FW: Request for Comment -- AGR

Thank you for providing this response, and apologies for delayed follow-up. We have tried to reach Mr. Goetz on multiple occasions on the number noted below, but without success.

We had hoped to review with Mr. Goetz some additional questions raised by the e-mail below. Is it possible to provide written responses to these questions? We request comment on these questions by 4 October.

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Thank you,

The Sentry Team