



September 2017

## INTERNATIONAL CYANIDE MANAGEMENT CODE

# Australian Gold Reagents Ocean Freight Supply Chain Recertification – Summary Audit Report

**Submitted to:**

International Cyanide Management Institute  
1400 I Street, NW – Suite 550  
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REPORT



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**Distribution:**

- 1 Copy – ICMI (+1 Electronic)
- 1 Copy – Australian Gold Reagents (Electronic)
- 1 Copy – Golder Associates Pty Ltd (Electronic)





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### APPENDIX A

Important Information



## 1.0 INTRODUCTION

### 1.1 Operational Information

**Name of Transportation Facility:** Australian Gold Reagents – Ocean Freight Supply Chain  
**Name of Facility Owner:** Not Applicable  
**Name of Facility Operator:** Australian Gold Reagents Ltd  
**Name of Responsible Manager:** Ed Beard, Export Technical Manager  
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PO Box 345  
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## 2.0 CYANIDE TRANSPORTATION

### 2.1 AGR Australia Limited

Australian Gold Reagents (AGR) is the management company of the unincorporated joint venture between CSBP Ltd (CSBP) and Coogee Chemicals Pty Ltd (Coogee Chemicals). CSBP, a subsidiary of Wesfarmers Ltd is the major participant in the venture and acts as both plant operator and sales agent. Coogee Chemicals is a local manufacturer and distributor of industrial chemicals.

AGR, in its capacity as the sales agent, is the consigner and is responsible for the overall management of cyanide transportation activities.

### 2.2 Kwinana Production Facility

The AGR cyanide production facility is located within CSBP's fertiliser and chemicals complex at Kwinana, some 40 km south of Perth within the state of Western Australia. AGR produces and transports two different forms of cyanide from the Kwinana production facility, namely solution and solids. Cyanide solution is produced as a 30% strength liquid and solid cyanide as a >97% strength white briquette.

AGR's Kwinana production facility was re-certified as being in full compliance with the Code on 3 August 2017. AGR's Kwinana production facility is not part of the scope of this audit.

### 2.3 West Australia Supply Chain

AGR's West Australian Supply Chain is from the Kwinana production facility, using rail and road transport to end user mine sites in Western Australia; as well as road transport to Fremantle Port for export supply. For export product this supply chain is up to and includes the stevedore operation at Fremantle Port.

AGR's West Australian Supply Chain was re-certified as being in full compliance with the Code on 26 September 2016. The West Australian Supply Chain is not part of the scope of this audit.

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## **2.4 Ocean Freight Supply Chain**

The Ocean Freight Supply Chain is a consolidation of all marine carriers used by AGR to distribute their cyanide from Australia to their global customers. The Supply Chain forms the marine link between the certified West Australian Supply Chain (Section 2.3) and the certified supply chain or certified transporter relevant to the customer site.

### **2.4.1 Audit Scope**

The scope of AGR's Supply Chain includes the marine transportation of solid cyanide (intermediate bulk containers (IBCs) within shipping containers) from the Fremantle Port, WA, to various interstate and international Ports by Mediterranean Shipping Company (Aust) Pty Ltd (MSC), Maersk Australia Pty Ltd (Maersk) and Kawasaki Kisen Kaisha Ltd (K Line).

Hapag-Lloyd were previously included as a carrier within the scope of AGR's Ocean Freight Supply Chain. However, their services were never used and moving forwards they are no longer included within the scope of this Supply Chain.

### **2.4.2 Carriers**

#### **2.4.2.1 Mediterranean Shipping Company (MSC)**

MSC, headquartered in Geneva, Switzerland, is engaged in worldwide container transport via its fleet of 460 vessels, 200 shipping routes and 315 Ports of call. MSC operates in 150 countries with a network of over 480 offices and branches. The fleet has the capacity to handle more than 2.7 million Twenty-foot Equivalent Units (TEUs) annually.

MSC has Dangerous Goods Cargo Management Centres that manage the stowage of hazardous cargo worldwide through their computer system. MSC state they operate in accordance with to the stringent requirements for stowage and segregation of dangerous goods as per the IMO DG Code.

MSC's vessels are registered by the Lloyd's Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories.

MSC has provided shipping services to AGR since AGR commenced the export of solid cyanide in 2002. Shipping destinations include Ports in Africa, Asia, North America, the Middle East and Oceania.

#### **2.4.2.2 Maersk Shipping (Maersk)**

Maersk, headquartered in Copenhagen, Denmark, operates a fleet of container vessels with worldwide shipping coverage. The fleet consists of approximately 590 vessels with the capacity to handle more than 3 million TEUs. Maersk operates a container booking and tracking system called the Global Customer Service System (GCSS). This system is the management tool for the proper stowage and handling of dangerous goods cargo.

Maersk require companies utilising their carrier services to provide evidence that their product packaging has been approved by government regulators and tested in accordance with International Maritime Organisation Dangerous Goods (IMO DG) Code. Maersk have the right to refuse cargo if the packaging, container and/or documentation are not satisfactory under the IMO DG Code standards.

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Maersk's vessels are registered by the Lloyd's Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories. Maersk also has current certificates for its vessels under the International Ship and Port Facility Security (ISPS) Code developed by the IMO.

Maersk has provided shipping services to AGR since AGR commenced the export of solid cyanide in 2002. Shipping destinations include various interstate and international Ports.

### **2.4.2.3 Kawasaki Kisen Kaisha Ltd ('K' Line)**

K Line Australia Kawasaki Australia Pty Ltd (K Line) is a 100% owned subsidiary of Japan's Kawasaki Kisen Kaisha, it was established in 1996 to represent K Line's interest and business in the Australian region. The company originally operated as a regional office to promote K Line's shipping business of container, bulk and car carrier services.

K Line's network of services is now extensive, with major involvement in the American, European, intra-Asian, South & Central American, West African and mainland China Trades. K Line has established itself as a worldwide major shipping line. Apart from the carriage of containerized cargo, it moves in excess of 1.1 million motor vehicles annually and is also involved in the transport of bulk ores, grains, woodchips, coal, alumina, crude oil, LNG and other energy resources.

Container ship services are offered worldwide through the four hubs of Japan, Asia, Europe and North America. K Line have established alliances with shipping companies in China, Taiwan and South Korea and operate main East-West routes between Asia and North America, Asia and Europe, and Europe and North America. In addition they also provide the intra-Asian routes covering the Middle East and the Indian subcontinent, and the South-North route linking South America, Australia and Africa with Asia and other regions. K Line boasts a fleet of 534 ships of which 67 are for container ship services 'K' Line plans to provide AGR with container shipping services in the near future. Shipping destinations include various international Ports.

## **2.5 Road Transportation**

No road transportation occurs as part of the AGR Ocean Supply Chain.

## **2.6 Transit Storage**

Depending on weather, cargo types, journey length and other operational matters, carriers may trans-ship their cargo from one vessel to another. This involves unloading the cargo at a terminal facility, temporary set down and loading onto another vessel for the continuation of the delivery. Such trans-shipping does occur within AGR's Supply Chain. AGR has no control over when and where this happens, but through its due diligence assessments has satisfied itself that the carriers used (MSC, Maersk and 'K' Line) undertake the shipping of the product in accordance with the IMO DG Code and in a professional and safe manner.

This satisfaction extends to the selection of Port terminals made by the shipping companies and used for trans-shipping and interim storage purposes.

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Trans-shipping Ports used may include:

- Maersk:
  - Port of Tanjung Pelepas, Malaysia
  - Port of Tangier, Morocco
  - Algeciras Port, Spain.
- MSC:
  - Port of Singapore
  - Antwerp Port
  - Felixstowe Port, UK
  - Las Palmas Port, Canary Islands
  - Port of Busan, South Korea
  - Buenaventura Port, Colombia
  - Port of Sal Al Ah, Oman
  - Port Louis Harbour, Mauritius.
- 'K' Line:
  - Port of Singapore
  - Port of Tokyo
  - Port of Busan, South Korea
  - Port of Hong Kong

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## 2.7 Auditors Findings and Attestation

in full compliance with

**AGR is:**

in substantial compliance with

**Cyanide Management Code**

not in compliance with

No significant cyanide exposures or releases were noted to have occurred during AGR's Ocean Freight Supply Chain 2014-2017 audit cycle.

**Audit Company:**

Golder Associates Pty Ltd

**Audit Team Leader:**

Jaclyn Ennis-John, Exemplar Global (110895)

**Email:**

jennisjohn@golder.com.au

**Name and Signatures of Other Auditors:**

Name	Position	Signature	Date
Jaclyn Ennis-John	Lead Auditor and Transport Technical Specialist		18 September 2017

### Dates of Audit

The Recertification Transport Audit of AGR's Ocean Freight Supply Chain was undertaken over a period of one (1) week concluding on 15 September 2017.

I attest that I meet the criteria for knowledge, experience and conflict of interest for Code Verification Audit Team Leader, established by the International Cyanide Management Institute and that all members of the audit team meet the applicable criteria established by the International Cyanide Management Institute for Code Verification Auditors.

I attest that this Summary Audit Report accurately describes the findings of the verification audit. I further attest that the verification audit was conducted in a professional manner in accordance with the *Cyanide Transportation Verification Protocol for the International Cyanide Management Code* and using standard and accepted practices for health, safety and environmental audits.

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**3.0 CONSIGNOR SUMMARY**

**3.1 Principle 1 – Transport**

**Transport Cyanide in a manner that minimises the potential for accidents and releases.**

**3.1.1 Transport Practice 1.1**

**Select cyanide transport routes to minimise the potential for accidents and releases.**

**AGR is**  **in full compliance with** **Transport Practice 1.1**  
 in substantial compliance with  
 not in compliance with

**Summarise the basis for this Finding/Deficiencies Identified:**

The AGR Ocean Freight Supply Chain is in FULL COMPLIANCE with Transport Practice 1.1 requiring the transport of cyanide in a manner that minimises the potential for accidents and releases.

AGR utilises MSC, Maersk and ‘K’ Line for interstate and international shipping of solid cyanide. Containers are placed and secured on their vessels at the loading Port (Fremantle Port) by the Port stevedoring company or service provider, and removed at the Port of destination by the stevedoring company or service provider at that Port. As such, MSC, Maersk and ‘K’ Line provide a marine carrier service and all actual handling of containers (on and off vessels) is predominately undertaken by stevedoring companies at each Port. The one exception is the self-gearred Maersk vessels used to unload containers at the Port of Puerto Desedao, Argentina.

There are a number of instances where AGR’s cyanide is transhipped at terminals or hubs en-route to its final destination Port. AGR has no control over when and where this happens, but through its due diligence process has satisfied itself that the carriers used (MSC, Maersk and ‘K’ Line) undertake the shipping of the product in accordance with the IMO DG Code and in a professional manner. This extends to the selection of terminals for trans-shipping.

AGR does not have control of the routes taken by the carriers, but has undertaken due diligence assessments of MSC, Maersk and ‘K’ Line to verify that the shipments are in accordance with the IMO DG Code. AGR’s due diligence assessments have found that there were no issues of concern in regards to the management and shipping of cyanide product by any of the carriers. In addition, through their dealings with the carriers, AGR has found MSC, Maersk and ‘K’ Line to be professional organisations. The due diligence assessments state that:

*“The report is not a final acceptance of [the carriers] for future work and as with all service providers to AGR, AGR will continue to review and monitor the performance.”*

The routes taken are not ‘definitive’ routes as ships can take various routes to arrive at the same destination, taking into account tides, currents, wind and storms. This is also noted in the schedules with estimated travel times between Ports.

AGR conducts triennial due diligence assessments of carriers to identify potential risks. The measures taken to address risks identified for carriers are addressed within the due diligence process.

The due diligence assessments did not identify the requirement for additional safety or security measures.

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**3.1.2 Transport Practice 1.2**

**Ensure that personnel operating cyanide handling and transport equipment can perform their jobs with minimum risk to communities and the environment.**

**AGR is**  in full compliance with **Transport Practice 1.2**  
 in substantial compliance with  
 not in compliance with

**Summarise the basis for this Finding/Deficiencies Identified:**

AGR is in FULL COMPLIANCE with Transport Practice 1.2 requiring personnel operating cyanide handling and transport equipment can perform their jobs with minimum risk to communities and the environment.

AGR utilise MSC, Maersk and ‘K’ Line for the marine transport of cyanide to various destination Ports. Containers are placed and secured on their vessels at the loading Port by the Port stevedoring company or service provider, and removed at the Port of destination by the stevedoring company or service provider at that Port. The one exception is the self-geared Maersk vessels used to unload containers at the Port of Puerto Desedao, Argentina. These Ports are not included in the scope of this audit and are assessed under due diligence as part of a separate supply chain.

MSC, Maersk and ‘K’ Line vessels are registered by the Lloyd’s Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories.

Due diligence assessments of MSC, Maersk and ‘K’ Line were undertaken by AGR to verify that the shipments are conducted in accordance with the IMO DG Code. AGR’s due diligence assessments have found that there were no issues of concern in regards to the management and shipping of cyanide product by any of the carriers.

AGR conduct due diligence assessments on a triennial basis.

**3.1.3 Transport Practice 1.3**

**Ensure that transport equipment is suitable for the cyanide shipment.**

**AGR is**  in full compliance with **Transport Practice 1.3**  
 in substantial compliance with  
 not in compliance with

**Summarise the basis for this Finding/Deficiencies Identified:**

AGR is in FULL COMPLIANCE with Transport Practice 1.3 requiring that transport equipment is suitable for the cyanide shipment.

Carriers used by AGR have equipment operation and maintenance capabilities and procedures that are not dependent on AGR. The ability of the carriers to operate safely, and their capability to handle dangerous goods is assessed during the due diligence process.

AGR conducts triennial due diligence assessments for carriers in its Supply Chain.

The completed due diligence assessments found that there were no issues of concern with regards to the management and shipping of cyanide product by any of the carriers.

MSC, Maersk and ‘K’ Line vessels are registered by the Lloyd’s Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories.

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### 3.1.4 Transport Practice 1.4

**Develop and implement a safety program for transport of cyanide.**

**AGR is**  in full compliance with **Transport Practice 1.4**  
 in substantial compliance with  
 not in compliance with

**Summarise the basis for this Finding/Deficiencies Identified:**

AGR is in FULL COMPLIANCE with Transport Practice 1.4 requiring the operation develop and implement a safety programme for transport of cyanide.

Product packaging is undertaken at the ICMC certified Kwinana production facility and cyanide is packaged and transported in accordance with international regulatory standards, thereby meeting the requirements of the political jurisdictions through which the loads will pass.

MSC, Maersk and 'K' Line require from AGR, evidence that products booked for transport meet the packaging requirements of the IMO DG Code. Some carriers reserve the right to refuse acceptance of cargo that does not meet packaging, container and documentation standards as set out in the Code.

Due diligence assessments of MSC, Maersk and 'K' Line were undertaken to verify that the shipments are conducted in accordance with the IMO DG Code. AGR's due diligence assessments have found that there were no issues of concern in regards to the management and shipping of cyanide product by any of the carriers.

Cyanide product remains sealed and packaged within locked shipping containers until it reaches the end use destination.

AGR conducts triennial due diligence assessments of carriers used in the Supply Chain.

### 3.1.5 Transport Practice 1.5

**Follow international standards for transportation of cyanide by sea and air.**

**AGR is**  in full compliance with **Transport Practice 1.5**  
 in substantial compliance with  
 not in compliance with

**Summarise the basis for this Finding/Deficiencies Identified:**

AGR is in FULL COMPLIANCE with Transport Practice 1.5 requiring the operation follow international standards for transportation of cyanide by sea and air.

All shipments of AGR cyanide comply with the IMO DG Code. This includes packaging, labelling of IBCs, placarding of containers, damage inspections, supply of correct documentation and appropriate stowage and separation.

No consignments of cyanide are transported by air within the scope of this audit.

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**3.1.6 Transport Practice 1.6**

**Track cyanide shipments to prevent losses during transport.**

AGR is  in full compliance with **Transport Practice 1.6**  
 in substantial compliance with  
 not in compliance with

**Summarise the basis for this Finding/Deficiencies Identified:**

AGR is in FULL COMPLIANCE with Transport Practice 1.6 requiring the operation track cyanide shipments to prevent losses during transport.

AGR communicates with MSC, Maersk and 'K' Line onshore representatives by phone, fax and email.

The due diligence for MSC, Maersk and 'K' Line state that all vessels have continuous means of tracking and communication during their voyages. Additionally, each service provider has systems in place to track individual containers from point of origin through to the destination Port.

Communication equipment is tested through continuous use.

MSC, Maersk and 'K' Line vessels are registered by the Lloyd's Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories.

Blackout areas have not been identified. However, all vessels have continuous means of tracking and communication during their voyages.

MSC, Maersk and 'K' Line vessels have software that tracks containers from the time they are released by AGR, right through the shipping process and until they are received back at their container yards.

Chain of custody documentation is used by MSC, Maersk and 'K' Line to prevent the loss of AGR cyanide during shipment. This documentation includes the MO41 Document, which accompanies each container, and the ships manifest, which identifies the location and content of each container on the vessel. In addition, carriers have computer tracking software to allow them to identify at which phase of shipment each container is in.

AGR requires that their contractors carry records indicating the amount of cyanide in transit and that Safety Data Sheets (SDSs) are available during transport.

The amount of cyanide in transit, the packing certificates and the SDS are contained within the marine documentation, this includes the shipper's declaration, container packing certificate and quarantine certificate, which accompany the cargo throughout the journey.

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### 3.2 Principle 2 – Interim Storage

**Design, construct and operate cyanide trans-shipping depots and interim storage sites to prevent release and exposures.**

#### 3.2.1 Transport Practice 2.1

**Store cyanide in a manner that minimises the potential for accidental releases.**

**in full compliance with**

**AGR is**

in substantial compliance with

**Transport Practice 2.1**

not in compliance with

**Summarise the basis for this Finding/Deficiencies Identified:**

AGR is in FULL COMPLIANCE with Transport Practice 2.1 that requires transporters design, construct and operate cyanide trans-shipping depots and interim storage sites to prevent release and exposures.

AGR does not operate trans-shipping or interim storage facilities within its Supply Chain, but circumstances may arise where trans-shipping of cyanide product is required. Depending on weather, cargo types and other operational matters, carriers may tranship their cargo from one vessel to another. Such trans-shipping does occur with AGR’s cyanide. This involves unloading the cargo at a terminal facility, temporary set down and loading onto another vessel for the continuation of the delivery.

AGR has no control over when and where this happens, but through the completion of due diligence assessments has satisfied itself that the carriers used (MSC, Maersk and ‘K’ Line) undertake the trans-shipping of product in accordance with the IMO DG Code and regulations for the handling of dangerous goods pertinent to that Port.

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### 3.3 Principle 3 – Emergency Response

**Protect communities and the environment through the development of emergency response strategies and capabilities.**

#### 3.3.1 Transport Practice 3.1

**Prepare detailed Emergency Response Plans for potential cyanide releases.**

in full compliance with

**AGR is**

in substantial compliance with

**Transport Practice 3.1**

not in compliance with

**Summarise the basis for this Finding/Deficiencies Identified:**

AGR is in FULL COMPLIANCE with Transport Practice 3.1 requiring the operation prepare detailed Emergency Response Plans for potential cyanide releases.

Whilst AGR’s product is embarked on MSC, Maersk and ‘K’ Line vessels, all emergency response is governed by the vessel’s captain. AGR conduct due diligence assessments of carriers to verify that the shipments occur in accordance with the IMO DG Code. AGR’s due diligence assessments found that there were no issues of concern in regards to the management and shipping of cyanide product by any of the Supply Chain carriers.

AGR require carriers to have appropriate emergency response plans and capabilities for handling any cyanide incident that falls within their contractual responsibility.

Each operator implements their own system of safety and emergency response management that extends to emergency situations involving cyanide and other dangerous goods. Emergency responders, as well as dangerous goods technical experts, are available to respond and assist in emergency situations.

#### 3.3.2 Transport Practice 3.2

**Designate appropriate response personnel and commit necessary resources for emergency response.**

in full compliance with

**AGR is**

in substantial compliance with

**Transport Practice 3.2**

not in compliance with

**Summarise the basis for this Finding/Deficiencies Identified:**

AGR is in FULL COMPLIANCE with Transport Practice 3.2 requiring they designate appropriate response personnel and commit necessary resources for emergency response.

Whilst AGR’s product is embarked on MSC, Maersk and ‘K’ Line vessels, all emergency response is governed by the vessel’s captain. AGR conducts due diligence assessments to verify that the shipments occur in accordance with the IMO DG Code. Due diligence assessments have found that there were no issues of concern in regards to the management and shipping of cyanide product by any of the carriers.

AGR require carriers to have appropriate emergency response plans and capabilities for handling any cyanide incident that falls within their contractual responsibility. The level of capability is assessed through the due diligence process.

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The due diligences assessments found that MSC, Maersk and ‘K’ Line each carry out the shipping of dangerous goods in accordance with the requirements of the IMO DG Code.

Each operator implements their own system of safety and emergency response management that extends to emergency situations involving cyanide and other dangerous goods at sea.

**3.3.3 Transport Practice 3.3**

**Develop procedures for internal and external emergency notification and reporting.**

in full compliance with

**AGR is**

in substantial compliance with

**Transport Practice 3.3**

not in compliance with

**Summarise the basis for this Finding/Deficiencies Identified:**

AGR is in FULL COMPLIANCE with Transport Practice 3.3 requiring that they develop procedures for internal and external emergency notification and reporting.

All MSC, Maersk and ‘K’ Line vessels carrying AGR cyanide have ship manifests held by the captain, which contain emergency response information and contact details.

Whilst AGR’s product is embarked on MSC, Maersk and ‘K’ Line vessels, all emergency response is governed by the vessel’s captain. AGR conducts due diligence assessments to verify that the shipments occur in accordance with the IMO DG Code. Due diligence assessments have found that there were no issues of concern in regards to the management and shipping of cyanide product by any of the carriers.

AGR require carriers to have appropriate emergency response plans, including current contact information, and capabilities for handling any cyanide incident that falls within their contractual responsibility.

**3.3.4 Transport Practice 3.4**

**Develop procedures for remediation of releases that recognise the additional hazards of cyanide treatment.**

in full compliance with

**AGR is**

in substantial compliance with

**Transport Practice 3.4**

not in compliance with

**Summarise the basis for this Finding/Deficiencies Identified:**

AGR is in FULL COMPLIANCE with Transport Practice 3.4 requiring that they develop procedures for remediation of releases that recognise the additional hazards of cyanide treatment.

All MSC, Maersk and ‘K’ Line vessels carrying AGR cyanide have ship manifests held by the captain, which contain emergency response information and contact details.

Whilst AGR’s product is embarked on MSC, Maersk and ‘K’ Line vessels, all emergency response is governed by the vessel’s captain. AGR conducts due diligence assessments to verify that the shipments occur in accordance with the IMO DG Code. Due diligence assessments have found that there were no issues of concern in regards to the management and shipping of cyanide product by any of the carriers.

AGR require carriers to have appropriate emergency response plans, including current contact information, and capabilities for handling any cyanide incident that falls within their contractual responsibility.

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**3.3.5 Transport Practice 3.5**

**Periodically evaluate response procedures and capabilities and revise them as needed.**

**AGR is**  **in full compliance with** **Transport Practice 3.5**  
 in substantial compliance with  
 not in compliance with

**Summarise the basis for this Finding/Deficiencies Identified:**

AGR is in FULL COMPLIANCE with Transport Practice 3.5 requiring the operation periodically evaluate response procedures and capabilities and revise them as needed.

All MSC, Maersk and 'K' Line vessels carrying AGR cyanide have ship manifests held by the captain, which contain emergency response information and contact details.

Whilst AGR's product is embarked on MSC, Maersk and 'K' Line vessels, all emergency response is governed by the vessel's captain. AGR conducts due diligence assessments to verify that the shipments occur in accordance with the IMO DG Code. Due diligence assessments have found that there were no issues of concern in regards to the management and shipping of cyanide product by any of the carriers.

AGR require carriers to have appropriate emergency response plans, including current contact information, and capabilities for handling any cyanide incident that falls within their contractual responsibility.

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## **4.0 DUE DILIGENCE**

### **4.1 Mediterranean Shipping Company (MSC)**

AGR's Export Technical Manager conducted a due diligence review of MSC in August 2017. The due diligence assessment report was reviewed by Jaclyn Ennis-John of Golder in September 2017. Jaclyn is pre-certified by the ICMI as a Transport Technical Specialist.

The following items were addressed within the due diligence:

- Introduction
- Transport Practice 1.1
- Transport Practice 1.5 (1.5.1)
- Transport Practice 1.6.

#### **4.1.1 Introduction**

MSC's head office is situated in Geneva, Switzerland and is engaged in worldwide container transport. As of December 2013, MSC were operating 443 container vessels with the capacity to handle and the equivalent capacity of 2 282 000 twenty foot containers.

MSC has provided container shipping services to AGR since AGR commenced the export of cyanide solid in 2002. In developing the relationship:

- AGR had to prove to MSC that its product packaging was approved by the Australian regulators and tested in accordance with the IMO DG Code.
- MSC assisted in setting up of the Fremantle Port stevedoring operations to handle the export of the product.
- MSC assisted AGR in setting up its export documentation requirements.
- MSC have the right to refuse cargo if the packaging, container and/or documentation are not acceptable to IMO DG Code standards.
- AGR is aware that its day-to-day vessel booking and scheduling requirements are subject to the cargo being accepted and placed by the MSC dangerous cargo management system.

As mentioned in the Auditor guidance notes, AGR is not able to conduct inspections and checks on shipping vessels due to Port safety and security issues. The Australian Government, through Australian Maritime Safety Authority (AMSA) and State Governments through the Port State Control (PSC) do, however, inspect and monitor cargo vessels that frequent Australian Ports. These inspections verify vessels are seaworthy, do not pose a pollution risk, provide healthy and safe work environments and comply with relevant international regulations. These inspections are not only carried out at Australian Ports, but internationally and set the operating standards for the international shipping companies.

MSC's vessels are registered by the Lloyds Register Group. The *Australian Customs Act 1901* requires all vessels bringing trade to and from Australia to be Lloyds registered, and the required import/export documentation has to show the name of the vessel and the Lloyds registration number.

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**4.1.2 Transport Practice 1.1**

MSC is a carrier service providing international shipping of containers on a fleet of their container vessels. Containers containing cyanide are placed and secured on their vessels at the loading Port by the Port stevedoring company or service provider, and removed at the Port of destination by the stevedoring company or service provider at that Port. Simply put MSC provides a carrier service handling of containers is done by the stevedoring companies at each Port.

The international sales and exports of cyanide by AGR take into consideration the shipping services available to service the intended target market. AGR only operates in export markets that are serviced by major international shipping companies with the ability to offer scheduled container services from Fremantle Port to the destination country or continent. AGR has mainly utilised MSC for its international shipping due to its selection of services available to various parts of the world and its weekly shipping schedule from Fremantle. AGR deals directly with MSC for its shipping requirements.

A simple explanation on how containers are moved around the world is explained as follows. The carrier's larger vessels cover the main route. This main route is from Europe via the Mediterranean, Sub-Continent, and South East Asia, China and onto the West Coast of USA. The shipping lines have ownership positions at their main container hubs along the route. Feeder vessels servicing other destinations will link services through these hubs. For example, hubs in South East Asia operate shipping line feeder vessels which service Australian Ports. AGR's exports are shipped from the Fremantle Port to the South East Asian Hub then transhipped on a main line carrier to a Mediterranean or European Hub and again transhipped onto a feeder vessel servicing the African destination.

The route is not a 'definitive' route as ships can take various routes to arrive at the same destination as they take into account tides, currents, wind and storms. This is also noted in the schedules which provide estimated travel times between Ports.

The table below shows the planned transshipment Ports and final destination, depending on weather, ship availability and demand that MSC cargoes can be routed through.

Depart	Hub	Hub	Destination Port	Transit Time
Fremantle	Singapore	Le Havre	Tema Ghana	52 days
Fremantle	Singapore	Felix Stowe	Takoradi Ghana	52 days
Fremantle	Singapore	Felix Stowe	Dakar Senegal	60 days
Fremantle	Singapore	Sal Al Ah	Dar es Salaam Tanzania	25 days
Fremantle	Singapore	-	Durban South Africa	14 days
Fremantle	Singapore	Busan	Callao Peru	55 days
Fremantle	Singapore	Port Louis	Walvis Bay Namibia	36 days
Fremantle	Singapore	-	Buenos Aires	43 days
Fremantle	Singapore	-	Surabaya	19 days
Fremantle	Singapore	-	Laem Chabang	16 days
Fremantle	Singapore	-	Jeddah	24 days
Fremantle	Singapore	-	Santos	37 days

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For the purpose of this due diligence report, AGR does not consign any product on a vessel that is not a container vessel. No product is shipped by barge, ferry or other means. Any product if required to be shipped under these circumstances will require an individual route risk assessment and due diligence of the service provider.

#### **4.1.3 Transport Practice 1.5 (1.5.1)**

The due diligence describes the processes and systems in place to ensure that IMO DG Code is met during the shipment of cyanide by MSC. This is described in detail in the corresponding audit findings in section 3.0 of this audit report.

#### **4.1.4 Transport Practice 1.6**

The due diligence describes the processes and systems in place to ensure that cyanide shipments are tracked to prevent losses during transport. This is described in detail in the corresponding audit findings in section 3.0 of this audit report.

#### **4.1.5 Conclusion**

The due diligence concludes that:

*AGR through its dealings with MSC has found them to be a professional organisation.*

*The ongoing review as a service provider and this due diligence report has found no issues of concern in regards to MSC management and shipping of the cyanide product. The report is not a final acceptance of MSC for future work and as with all service providers to AGR, AGR will continue to review and monitor their performance.*

*Any changes in state, national or international regulations, standards or laws can result in a total review of the international shipping requirements.*

## **4.2 Maersk Australia (Maersk)**

AGR's Export Technical Manager conducted a due diligence review of Maersk in August 2017. The due diligence assessment report was reviewed by Jaclyn Ennis-John of Golder in September 2017. Jaclyn is pre-certified by the ICMI as a Transport Technical Specialist.

The following items were addressed within the due diligence:

- Introduction
- Transport Practice 1.1
- Transport Practice 1.5 (1.5.1)
- Transport Practice 1.6

### **4.2.1 Introduction**

Maersk is headquartered in Copenhagen, Denmark and operates a fleet of container vessels with worldwide shipping coverage. The fleet consists of more than 600 container vessels with the capacity to handle more than 2 225 000 twenty foot containers.

Maersk operates a container booking and tracking system called the GCSS. The system is also the management tool for handling the dangerous goods cargo for the proper control of the stowage of hazardous cargo.

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## AGR OCEAN FREIGHT SUPPLY CHAIN RECERTIFICATION AUDIT – SUMMARY AUDIT REPORT

Maersk has provided AGR with container shipping services since AGR commenced the export of cyanide solid in 2002. At the commencement of the relationship, AGR had to prove to Maersk that its product packaging was approved by the Australian regulators and tested in accordance with IMO DG Code.

Maersk have the right to refuse cargo if the packaging, container and/or documentation are not acceptable to IMO DG Code standards. AGR is aware that its vessel booking and scheduling requirements are subject to the cargo being accepted and confirmed in the Maersk booking and tracking system before empty sea containers will be released to AGR for preparation and loading of consignments.

As mentioned in the Auditor guidance notes, AGR is not able to conduct inspections and checks on shipping vessels due to Port safety and security issues. The Australian Government, AMSA and State Governments through the PSC do, however, inspect and monitor cargo vessels that frequent Australian Ports. These inspections verify vessels are seaworthy, do not pose a pollution risk, provide healthy and safe work environments and comply with relevant international regulations. These inspections are not only carried out at Australian Ports, but internationally and set the operating standards for the international shipping companies.

Maersk's vessels are registered with Lloyds Register Group. The *Australian Customs Act 1901* requires all vessels bringing trade to and from Australia to be Lloyds registered, and the required import/export documentation has to show the name of the vessel and the Lloyds registration number.

### 4.2.2 Transport Practice 1.1

Maersk is a carrier service providing international shipping of containers on a fleet of their container vessels. Containers holding cyanide are placed and secured on their vessels at the loading Port by the Port stevedoring company or service provider. At Fremantle this service is provided by Patricks. At the destination Ports such as Puerto Deseado in Argentina, where the Port does not have equipment to lift containers on and off the vessel, Maersk service these Ports with a 'self-gearred' vessel that has its own lifting devices.

The international sales and exports of cyanide by AGR take into consideration the shipping services available to service the intended target market. AGR only operates in export markets that are serviced by major international shipping companies with the ability to offer scheduled container services from Fremantle Port to the destination country or continent. AGR has mainly utilised MSC for its international shipping due to its selection of services available to various parts of the world and its weekly shipping schedule from Fremantle. AGR deals directly with MSC for its shipping requirements.

A simple explanation on how containers are moved around the world is explained as follows. The carrier's larger vessels cover the main route. This main route is from Europe via the Mediterranean, Sub-Continent, and South East Asia, China and onto the West Coast of USA. The shipping lines have ownership positions at their main container hubs along the route. Feeder vessels servicing other destinations will link services through these hubs. For example, hubs in South East Asia operate shipping line feeder vessels which service Australian Ports. AGR's exports are shipped from the Fremantle Port to the South East Asian Hub then transhipped on a main line carrier to a Mediterranean or European Hub and again transhipped onto a feeder vessel servicing the African.

The route is not a 'definitive' route as ships can take various routes to arrive at the same destination as they take into account tides, currents, wind and storms. This is also noted in the schedules which provide estimated travel times between Ports.

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The table below shows the planned transshipment Ports and final destination, depending on weather, ship availability and demand that Maersk cargoes can be routed through. The consignment booking in the GCSS system will ensure any changes to the booking or scheduling are requested and confirmed from the vessel controllers or terminals. The booking carries all the requirements as regards to handling and stowage required for the cyanide containers.

Depart	Hub	Hub	Destination Port	Transit Time
Fremantle	Tanjung Pelepas	Algeciras	Puerto Deseado	50 days

For the purpose of this due diligence report, AGR does not consign any product on a vessel that is not a container vessel. No product is shipped by barge, ferry or other means. Any product if required to be shipped under these circumstances will require an individual route risk assessment and due diligence of the service provider.

#### **4.2.3 Transport Practice 1.5 (1.5.1)**

The due diligence describes the processes and systems in place to ensure that IMO DG Code is met during the shipment of cyanide by Maersk. This is described in detail in the corresponding audit findings in section 3.0 of this audit report.

#### **4.2.4 Transport Practice 1.6**

The due diligence describes the processes and systems in place to ensure that cyanide shipments are tracked to prevent losses during transport. This is described in detail in the corresponding audit findings in section 3.0 of this audit report.

#### **4.2.5 Conclusion**

The due diligence concludes that:

*AGR through its dealings with Maersk has found them to be a professional organisation.*

*The ongoing review as a service provider and this due diligence report has found no issues of concern in regards to Maersk management and shipping of the cyanide product. The report is not a final acceptance of Maersk for future work and as with all service providers to AGR, AGR will continue to review and monitor their performance.*

*Any changes in state, national or international regulations, standards or laws can result in a total review of the international shipping requirements.*

### **4.3 Kawasaki Kisen Kaisha Ltd ('K' Line)**

AGR's Export Technical Manager conducted a due diligence review of 'K' Line in August 2017. The due diligence assessment report was reviewed by Jaclyn Ennis-John of Golder in September 2017. Jaclyn is pre-certified by the ICMI as a Transport Technical Specialist.

The following items were addressed within the due diligence:

- Introduction
- Transport Practice 1.1
- Transport Practice 1.5 (1.5.1)
- Transport Practice 1.6.

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### 4.3.1 Introduction

'K' Line's head office is situated in Tokyo, Japan and is engaged in worldwide container transport. Kawasaki Australia Pty Ltd a 100% owned subsidiary of Japan's Kawasaki Kisen Kaisha ('K' Line) was established in 1970 to represent 'K' Line's interest and business in Australia. The fleet consists of approximately 74 vessels with the capacity to handle more than 4 413 571 kt. 'K' Line operates a fully integrated global network that supports all essential functions of container logistics.

'K' Line plans to provide AGR with container shipping services in the near future. Prior to commencement of the relationship, AGR will have to prove to 'K' Line that its product packaging is approved by the Australian regulators and tested in accordance with IMO DG Code.

'K' Line will have the right to refuse cargo if the packaging, container and/or documentation are not acceptable to IMO DG Code standards. AGR is aware that its vessel booking and scheduling requirements will be subject to the cargo being accepted and confirmed in the 'K' Line booking and tracking system before empty sea containers will be released to AGR for preparation and loading of consignments.

As mentioned in the Auditor guidance notes, AGR is not able to conduct inspections and checks on shipping vessels due to Port safety and security issues. The Australian Government, AMSA and State Governments through the PSC do, however, inspect and monitor cargo vessels that frequent Australian Ports. These inspections verify vessels are seaworthy, do not pose a pollution risk, provide healthy and safe work environments and comply with relevant international regulations. These inspections are not only carried out at Australian Ports, but internationally and set the operating standards for the international shipping companies.

'K' Line's vessels are registered with Lloyds Register Group. The *Australian Customs Act 1901* requires all vessels bringing trade to and from Australia to be Lloyds registered, and the required import/export documentation has to show the name of the vessel and the Lloyds registration number.

### 4.3.2 Transport Practice 1.1

'K' Line is a carrier service providing international shipping of containers on a fleet of their container vessels. Containers containing cyanide are placed and secured on their vessels at the loading Port by the Port stevedoring company or service provider, and removed at the Port of destination by the stevedoring company or service provider at that Port. Simply put 'K' Line provides a carrier service handling of containers is done by the stevedoring companies at each Port.

The international sales and exports of cyanide by AGR take into consideration the shipping services available to service the intended target market. AGR only operates in export markets that are serviced by major international shipping companies with the ability to offer scheduled container services from Fremantle Port to the destination country or continent. AGR has mainly utilised MSC for its international shipping due to its selection of services available to various parts of the world and its weekly shipping schedule from Fremantle. AGR utilises Maersk and 'K' Line as an alternative shipping service provider. AGR deals directly with each shipping line for its shipping requirements.

A simple explanation on how containers are moved around the world is explained as follows. The carrier's larger vessels cover the main route. This main route is from Europe via the Mediterranean, Sub-Continent, and South East Asia, China and onto the West Coast of USA. The shipping lines have ownership positions at their main container hubs along the route. Feeder vessels servicing other destinations will link services through these hubs. For example, hubs in South East Asia operate shipping line feeder vessels which service Australian Ports. AGR's exports are shipped from the Fremantle Port to the South East Asian Hub then transhipped on a main line carrier to a Mediterranean or European Hub and again transhipped onto a feeder vessel servicing the African destination.

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The route is not a 'definitive' route as ships can take various routes to arrive at the same destination as they take into account tides, currents, wind and storms. This is also noted in the schedules which provide estimated travel times between Ports.

The table below shows the planned transshipment Ports and final destination, depending on weather, ship availability and demand that 'K' Line cargoes can be routed through.

Depart	Hub	Hub	Destination Port	Transit Time
Fremantle	Singapore		Santos	38 days
Fremantle	Singapore		Buenos Aires	42 days
Fremantle	Singapore		Lam Chabang	14 days

For the purpose of this due diligence report, AGR does not consign any product on a vessel that is not a container vessel. No product is shipped by barge, ferry or other means. Any product if required to be shipped under these circumstances will require an individual route risk assessment and due diligence of the service provider.

**4.3.3 Transport Practice 1.5 (1.5.1)**

The due diligence describes the processes and systems in place to ensure that IMO DG Code is met during the shipment of cyanide by 'K' Line. This is described in detail in the corresponding audit findings in section 3.0 of this audit report.

**4.3.4 Transport Practice 1.6**

The due diligence describes the processes and systems in place to ensure that cyanide shipments are tracked to prevent losses during transport. This is described in detail in the corresponding audit findings in section 3.0 of this audit report.

**4.3.5 Conclusion**

The due diligence concludes that:

*AGR through its dealings with 'K' Line has found them to be a professional organisation.*

*The ongoing review as a service provider and this due diligence report has found no issues of concern in regards to 'K' Line management and shipping of the cyanide product. The report is not a final acceptance of 'K' Line for future work and as with all service providers to AGR, AGR will continue to review and monitor their performance.*

*Any changes in state, national or international regulations, standards or laws can result in a total review of the international shipping requirements.*

**4.4 Australian Shipping Regulatory Framework**

All due diligence assessments reference the inspection and regulatory regime which governs the exporting of cyanide. More detail is provided below.

**4.4.1 Australian Maritime Safety Authority (AMSA)**

AMSA represents Australia at the International Maritime Organisation (IMO) and other international forums in the development, implementation and enforcement of international standards governing ship safety, navigation, marine environmental protection, ship operations, maritime security, crew competency, training and fatigue management.

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Australia's maritime regulatory framework is based on policies and guidelines relating to ship construction standards, ship survey and safety, crewing, seafarer's qualifications and welfare, carriage and handling of cargoes, passengers, and marine pollution prevention.

AMSA is responsible for implementing IMO regulations for all safety related aspects of marine carriage of all types including bulk liquid and solid cargoes, dangerous goods, general cargoes, containers, as well as standards and operations concerning cargo lifting gear.

Under provisions of the International Convention for the Safety of Life at Sea (SOLAS) 1974 Ch I and Ch VII, ships are subject to Port state control inspections during which compliance with cargo requirements including stowage, segregation, packaging and documentation is verified.

AMSA marine surveyors may board a ship at any time to inspect and detain un-seaworthy or substandard ships. These inspections include ensuring all dangerous goods cargoes are correctly documented on the manifest list, correctly stowed, segregated and especially for container vessels all containers are correctly lashed onto the vessel and all fixtures and lashings are in suitable and working condition.

#### **4.4.2 Port State Control (PSC)**

PSC is one of the government strategies in place to ensure the above objectives are achieved, however responsibility for the safety and operation of the vessel lies with the ship owners and flag states.

PSC inspections are conducted to ensure that foreign ships visiting Australian Ports are seaworthy, do not pose a pollution risk, provide healthy and safe work environment and comply with relevant international regulations.

Cargo ships become eligible for a PSC inspection every six months. Selection of a ship for inspection depends on a number of factors, including risk to the environment, specific complaints and an AMSA targeting scheme. Surveyors are guided by a set of 'Instructions to Surveyors' and 'Ship Inspection Manual', which is based on resolutions of the IMO.

As Australia is a party to the Memoranda of Understanding (MOU) on Port State Control in the Asia Pacific and Indian Ocean regions, information on detained ships is published on the Tokyo MOU website at [www.tokyo-mou.org](http://www.tokyo-mou.org).

It is understood that the USA and European countries have similar inspection and control regimes, which ensures that shipping companies maintain their regulatory requirements and manage their license to operate.

#### **4.4.3 Australian Department of Defence**

The Australian Department of Defence manages on behalf of the Commonwealth Government Australia's commitments to the United Nations Chemicals Weapons Convention. Through this AGR's cyanide production facilities are listed and licensed operations. All AGR's export customers are required to complete a Permit Application and have its application approved before AGR is allowed to export any product. AGR assists with the collection of the Permit from its customers and then together with its own paperwork applies for the Permit. Each customer's Permit reference number is required on the export documentation. AGR cannot export product without this approval.

### **4.5 Auditor Review of Due Diligence**

The due diligence reviews were found by the Auditor to sufficiently evaluate the Port operations, within the constraints of access and limited influence, and additional management measures by the consigner were not considered necessary.

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## 5.0 IMPORTANT INFORMATION

Your attention is drawn to the document titled – “Important Information Relating to this Report”, which is included in Appendix A of this report. The statements presented in that document are intended to inform a reader of the report about its proper use. There are important limitations as to who can use the report and how it can be used. It is important that a reader of the report understands and has realistic expectations about those matters. The Important Information document does not alter the obligations Golder Associates has under the contract between it and its client.

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## Report Signature Page

**GOLDER ASSOCIATES PTY LTD**

A handwritten signature in blue ink that reads "Jaclyn Ennis-John".

Jaclyn Ennis-John  
Senior Environmental Scientist

CC/JEJ/hsl

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# **APPENDIX A**

## **Important Information**



## IMPORTANT INFORMATION RELATING TO THIS REPORT

The document (“Report”) to which this page is attached and which this page forms a part of, has been issued by Golder Associates Pty Ltd (“Golder”) subject to the important limitations and other qualifications set out below.

This Report constitutes or is part of services (“Services”) provided by Golder to its client (“Client”) under and subject to a contract between Golder and its Client (“Contract”). The contents of this page are not intended to and do not alter Golder’s obligations (including any limits on those obligations) to its Client under the Contract.

This Report is provided for use solely by Golder’s Client and persons acting on the Client’s behalf, such as its professional advisers. Golder is responsible only to its Client for this Report. Golder has no responsibility to any other person who relies or makes decisions based upon this Report or who makes any other use of this Report. Golder accepts no responsibility for any loss or damage suffered by any person other than its Client as a result of any reliance upon any part of this Report, decisions made based upon this Report or any other use of it.

This Report has been prepared in the context of the circumstances and purposes referred to in, or derived from, the Contract and Golder accepts no responsibility for use of the Report, in whole or in part, in any other context or circumstance or for any other purpose.

The scope of Golder’s Services and the period of time they relate to are determined by the Contract and are subject to restrictions and limitations set out in the Contract. If a service or other work is not expressly referred to in this Report, do not assume that it has been provided or performed. If a matter is not addressed in this Report, do not assume that any determination has been made by Golder in regards to it.

At any location relevant to the Services conditions may exist which were not detected by Golder, in particular due to the specific scope of the investigation Golder has been engaged to undertake. Conditions can only be verified at the exact location of any tests undertaken. Variations in conditions may occur between tested locations and there may be conditions which have not been revealed by the investigation and which have not therefore been taken into account in this Report.

Golder accepts no responsibility for and makes no representation as to the accuracy or completeness of the information provided to it by or on behalf of the Client or sourced from any third party. Golder has assumed that such information is correct unless otherwise stated and no responsibility is accepted by Golder for incomplete or inaccurate data supplied by its Client or any other person for whom Golder is not responsible. Golder has not taken account of matters that may have existed when the Report was prepared but which were only later disclosed to Golder.

Having regard to the matters referred to in the previous paragraphs on this page in particular, carrying out the Services has allowed Golder to form no more than an opinion as to the actual conditions at any relevant location. That opinion is necessarily constrained by the extent of the information collected by Golder or otherwise made available to Golder. Further, the passage of time may affect the accuracy, applicability or usefulness of the opinions, assessments or other information in this Report. This Report is based upon the information and other circumstances that existed and were known to Golder when the Services were performed and this Report was prepared. Golder has not considered the effect of any possible future developments including physical changes to any relevant location or changes to any laws or regulations relevant to such location.

Where permitted by the Contract, Golder may have retained subconsultants affiliated with Golder to provide some or all of the Services. However, it is Golder which remains solely responsible for the Services and there is no legal recourse against any of Golder’s affiliated companies or the employees, officers or directors of any of them.

By date, or revision, the Report supersedes any prior report or other document issued by Golder dealing with any matter that is addressed in the Report.

**Any uncertainty as to the extent to which this Report can be used or relied upon in any respect should be referred to Golder for clarification.**

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