FAIRMINED STANDARD FOR GOLD FROM ARTISANAL AND SMALL-SCALE MINING, INCLUDING ASSOCIATED PRECIOUS METALS

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0. General Descriptions and Guidance

0.1 Purpose of the Standard

Vision and Principles for Responsible Artisanal and Small-scale Mining

The STANDARD is aimed at creating opportunities for artisanal and small-scale miners and their communities.

The STANDARD follows ARM’s vision for Responsible Artisanal and Small-scale Mining: “ASM is a formalized, organized and profitable activity that uses efficient technologies and is socially and environmentally responsible. It progressively develops within a framework of good governance, legality, participation and respect for diversity and contributes to a generation of decent work, local development, poverty reduction, wealth creation and social peace in our nations driven by a growing consumer demand for sustainable minerals, ethical jewelry and responsibly sourced gold in general.”

The scheme is for artisanal and small-scale miners as defined in section 0.2.1, not industrial medium- or large-scale mining. It is neither intended for new gold rush situations, nor for newcomer mining in environmentally sensitive areas.

The overall objective of this STANDARD is to promote the progressive organization and formalization of the ASM sector, bringing with it improved labor rights, safer working conditions for miners, and strengthened miners’ organizations with the capacity to campaign for legislation and public policies that promote their rights and enable a responsible ASM sector. The STANDARD builds on ASMO’s (Artisanal and Small-scale Miners’ Organizations) compliance with a relevant country’s legislation.

It drives improved environmental management, especially mitigating the use of mercury and other toxic chemicals, enhancing ecological restoration, and responsible water management.

It promotes the wellbeing of families and children in mining communities, brings better social security, gender equality, child protection and the elimination of child labor in certified organizations.

The STANDARD stimulates the ASMOs to become economically, technically, environmentally and socially viable businesses, according to their dimensions and particularities.

Through fairer market access and a premium for social investment, it benefits local communities in mineral rich ecosystems, and improves governance in the mining sector.

Artisanal and Small-scale Gold Mining (ASGM) constitutes a livelihood for a growing number of artisanal small-scale miners, with an estimated 15 million people who are permanent miners, and it is estimated that over 100 million people depend on it for seasonal and/or indirect income.

This FAIRMINED certification scheme is aimed at creating opportunities for artisanal miners and their communities, who often combine mining with agriculture, herding, and other rural activities.

Four types of Artisanal and Small-scale Mining (ASM) can be broadly identified; however, the term “small” always refers to small workings and labor-intensive mining practices in comparison...
with medium and large-scale mining.

a. Permanent Artisanal and Small-scale Mining
   - Full time, year round activity, often involving ancestral or traditional mining communities
   - Frequently the only economic activity in the community area or sometimes accompanied by other activities like farming, herding, small-scale goods trading, or other extractive tasks of indigenous and rural groups.

b. Seasonal Artisanal and Small-scale Mining
   - Seasonal switching of activities or seasonal migration of people into artisanal mining areas, much like seasonal crop migration in coffee and cotton production, or seasonal migrations from urban to rural areas.
   - Frequent during periods of low agricultural activity to supplement annual incomes, or during the dry periods when sections of the riverbeds may become accessible for mining. In this case mining provides immediate income for subsistence farmers or herders.

c. Rush Artisanal and Small-scale Mining
   - When mass migration to gold rich areas occurs, under the perception that income opportunities from recently discovered deposit far exceed current actual income.
   - It is not uncommon for former rush areas to become new communities and rush miners to settle in the area. This is why newcomer communities will always exist in Artisanal Mining.

d. Shock-push artisanal or subsistence mining
   - A poverty driven activity following loss of employment in other sectors, conflicts or natural disasters.
   - Many of the individuals, mostly itinerant and poorly educated, have no other choice and miners remain trapped in the poverty cycle.

Permanent and seasonal artisanal mining are frequently referred to as community based, ancestral or traditional mining. Implicit in the term is the understanding that the local population is the main driving force behind the mining operation, building their own livelihood strategy upon the mineral resources within their communal territory. Rush-type and shock-push artisanal mining has the potential to create new communities and become community-based mining. Once it has become a permanent, legal and organized activity it may apply for certification. The STANDARD is designed to cover only existing, conflict free, community-based, permanent and seasonal ASM.

Legal frameworks vary in different countries in their recognition and regulation of ASM. In some countries artisanal miners have lobbied for special artisanal mining laws, in other countries ASM remains informal. Most nations have laws that are evolving towards increasing the recognition of rights for ASM, within legal frameworks that were designed to cater primarily for medium and large mining companies.

A global challenge is the growing control of areas where ASM takes place by criminal groups, often involving both legal and illegal armed forces. Criminal groups are using gold mining to launder profits from narcotics and arms trade. In these regions, FAIRMINED certification supports community mining which is not linked to illegal activities, promoting transparent and traceable supply chains. The STANDARD adheres to the OECD Due Diligence Guidance on Conflict and High-risk Areas, while seeking to enable traceable supply chains to market in support of traditional ASM.

### 0.2 Scope of the Standard

#### 0.2.1 “Artisanal and Small-scale” Scope

The STANDARD is aimed at creating opportunities for artisanal and small-scale miners and their communities, not medium and large industrial mining.

It is the responsibility of ARM to determine if an ASMO qualifies as ASM for FAIRMINED
certification. The Application Committee (reporting to the Executive Director and the Standard Committee) shall use a combination of sources such as:

1. National legislation, if a clear definition of ASM exists.
   
   In case there are no clear national legal guidelines decisions by the Application Committee shall be made based on:

2. The criteria of productivity.
   
   ASM is considered as such if productivity does not exceed 2.5 grams of gold per registered miner and day at time of entering the system. If this productivity threshold is exceeded after entry to the system through “internal growth and development” the ASMO shall qualify to remain in the FAIRMINED certification system until it exceeds a productivity of 8 grams of gold per registered miner and day

   *Successful ASMOs, which grow out of the FAIRMINED system, will be encouraged to continue their commitment to responsible production, by joining other relevant certification schemes.*

   *In case of exceptionally high-grade deposits where productivity is mainly determined by the ore grade, the criteria below may prevail.*

3. The descriptive OECD definition.

   “Artisanal and small-scale mining comprises of formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation. ASM is normally low capital intensive and uses high labor-intensive technology. “ASM” can include men and women working on an individual basis as well as those working in family groups, in partnership, or as members of cooperatives or other types of legal associations and enterprises involving hundreds or even thousands of miners. For example, it is common for work groups of 4-10 individuals, sometimes in family units, to share tasks at one single point of mineral extraction (e.g. excavating one tunnel). At the organizational level, groups of 30 – 300 miners are common, extracting jointly one mineral deposit (e.g. working in different tunnels), and sometimes sharing processing facilities”. (OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. pg. 65. At: http://www.oecd.org/daf/inv/mne/GuidanceEdition2.pdf [Accessed March 7th, 2013])

4. Finally, an ASMO may also provide convincing evidence of its community-based artisanal and small-scale nature through references from other FAIRMINED ASMOs, miners’ associations, NGOs or public authorities from its region.

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### 0.2.2 Organizational Scope

The STANDARD applies to “Artisanal and Small-scale Mining Organizations” (ASMO).

**ASMO (Artisanal and Small-scale Miner’s Organization)**

1. An ASMO is a formal organization established for the purpose of conducting or facilitating responsible Artisanal and Small-scale Mining and constituted according to the legal, social, cultural and organizational reality of the local context. An ASMO has direct (held by the ASMO) or indirect (held by miners of the ASMO) legal or contractual rights and environmental permits to mine.

2. The ownership of an ASMO can be held by landowners, individual owners or partners, shareholders or members. An ASMO comprises of different artisanal and small-scale miners operating with the ASMO’s consent under its umbrella: these may consist of self-employed miners, family units, groups of self-employed miners, other community-based miners and organizations like mineral selectors, micro-enterprises belonging to the family economy, small enterprises, as well as all types of workers (including casual or migrant workers).

   *Wherever it is economically viable and culturally appropriate, the ASMO may include local or gold shops and local commercial agents in its scope.*
3. An ASMO may apply for FAIRMINED certification and will then be the certificate holder.

**Scope of the ASMO**

The ASMO controls (by law or by constitution) mining in its scope and has, as certificate holder, responsibility for compliance with all requirements of the STANDARD.

The scope of FAIRMINED certification is defined through a) registration of miners, and b) registration of all mining and processing activities and entities. The ASMO must define which elements constitute its FAIRMINED System of Production (see below).

An ASMO may trade FAIRMINED Gold and associated precious metals on its own and/or must control the trading by all miners included in its FAIRMINED System of Production into the FAIRMINED supply chains through an Internal Control System, which is a pre-requisite for certification.

The Internal Control System enables the ASMO to involve different entities that trade on their own (if applicable).

*To overcome legal restrictions or financial risks such as liquidity, some ASMOs or other miners within its scope may need to delegate their trade function to a third party (for example an agent such as a local trader or gold shop who provides services to the ASMO or its miners). Alternatively, if deemed economically viable and culturally appropriate, the ASMO may include gold refining shops and local commercial agents in its scope.*

**Responsibilities of the ASMO**

An ASMO aspiring to certify a System of Production as FAIRMINED has responsibilities on three levels:

1. At 1st level of responsibilities the ASMO is responsible for compliance with the requirements of the STANDARD in its FAIRMINED System of Production
   - The ASMO has either the legal right to grant permission to miners to work in its scope or has been appointed by the holders of such rights to jointly represent them in all matters related to FAIRMINED certification.
   - The ASMO must define which miners, areas, and activities are included in its FAIRMINED System of Production.
     *Ideally, all areas, all miners and all activities should be included in the FAIRMINED System of Production. As practice has shown that this is not always possible, particularly for ASMOs entering the FAIRMINED system, the System of Production is intended as a tool to facilitate progressive inclusion of all miners and areas.*
   - The ASMO establishes an Internal Control System to track and trace mineral and metal flows within its FAIRMINED System of Production, from extraction to final sale to third party.
   - The ASMO is responsible for the governance and administration of the FAIRMINED Premium. It is responsible for its accountable and transparent management. The ASMO must establish a Premium Committee to administer the FAIRMINED Premium. It ensures that miners included in FAIRMINED System of Production (those who earn the premium) and vulnerable groups, such as women miners and workers have fair representation on the FAIRMINED Premium Committee, and democratically decide Premium use.

2. The ASMO has 2nd level responsibilities within its mining area.
   - The ASMO is obligated to register all miners working within its mining area. The requirements for the registration are described further below.
     *In case unauthorized miners work informally within the mining area of the ASMO and refuse to leave or to register, registration of such groups (which obviously cannot be...*
included in the System of Production) has to be done by qualitative and quantitative description of the group, demonstrating that the ASMO is fully aware of their unauthorized presence in the mining area.

- The ASMO promotes the improvement of mining practices within its mining area through training, educational campaigns and organizational policies.
- The ASMO promotes the safe management of toxic substances, especially mercury, and only allows the use of mercury in compliance with the requirements of the FAIRMINED standard in its mining area.
- The ASMO does not allow any of the worst forms of child labor or forced labor within its mining area.

3. The ASMO has a 3rd level of co-responsibilities for improving mining practices and addressing major mining-related problems in the surrounding community, in collaboration with local authorities and other relevant groups. The ASMO should be actively involved in promoting sustainable development in their community.

Regarding community origin of the members of the ASMO:

Depending on the local geographic situation the term “community” needs to be interpreted in the local context. This may involve either a local community in a narrower sense or a (mostly long-term) temporary settlement for miners originating from surrounding communities within a wider region (usually not exceeding adjacent 2nd level administrative areas or traditional indigenous areas). The later applies if the remote location of the mine doesn’t offer alternative livelihood opportunities and the miners combine the income opportunity in the mine with their livelihood strategy in their home community.

Considering that in some cases migrants may represent an important proportion of miners, where newcomers are mostly poor migrants seeking opportunities they may be considered part of the community. Under these circumstances, ASMOs with a higher proportion of migrants may apply for certification and a threshold of 51% of community miners is accepted.

Audit Scope

While the ASMO, as certificate holder, has responsibility for compliance with all requirements of the STANDARD, compliance will be audited according to the above-indicated levels of responsibility, i.e. within the FAIRMINED System of Production, within the entire ASMO or within the surrounding community, depending on the intent of each requirement.

For that purpose, the specific Audit Scope is indicated for each STANDARD requirement.

0.2.3 Scope of ASMO: mining area of the ASMO and the FAIRMINED System of Production

The origin of FAIRMINED Gold and associated precious metals is exclusively from the mines and processing units of the ASMO’s FAIRMINED System of Production.

For the areas where economic activities of the ASMO and its miners take place, the ASMO (or its miners) possess the right of appropriation of the minerals (mining concessions, mining lease, exploitation contract, or equivalent denominations according to national legislation) and owns or has an agreement for the land use rights with the land-owner. The ASMO may include all areas or part of the areas for which it owns or has agreed the right of appropriation of minerals and/or land use as the mining area included in its FAIRMINED System of Production. The mining area included in the FAIRMINED System of Production is fully controlled by the ASMO.

Third party processing plants outside the areas included in the FAIRMINED System of Production, used but not fully controlled by the ASMO, are subcontracted entities, where specific traceability rules apply (see below).

If the ASMO or its miners own more than one mining right, the application has to specify the mining area (the mining rights) in which the ASMO plans to produce FAIRMINED Gold. If the
ASMO obtains additional mining rights after certification, the scope of the mining area needs to be extended before certified gold can be produced in these new areas.

In the case of exploitation contracts authorizing ASM in areas where a contractual counterpart holds the mining rights, only the gold produced by the ASMO’s FAIRMINED System of Production is allowed to enter the FAIRMINED supply chain. Gold produced in the same area by the holder of the mining right or by third parties cannot enter the FAIRMINED gold supply chain. The internal control system shall register this traceability.

Certification is not “enforced”; it is a voluntary decision by miners of an ASMO who are part of the System of Production and who commit to complying with the STANDARD. Becoming certified and fully formalizing all aspects of a mining operation takes time and resources, it is in itself a process.

Not all miners working within the scope of an ASMO may be willing to be included in FAIRMINED System of Production until they see the costs and benefits. The establishment of FAIRMINED System of Production by an ASMO must be seen as a process and as a consensus and capacity building exercise among miners working in a given area.

Through the application of Inclusion criteria for the definition of a FAIRMINED System of Production, the ASMO shall be able to identify who within its mining area is a miner included in the System of Production, who is not included, and who is merely a service provider (to which specific traceability rules apply). Over time, more miners and areas may become gradually included in the FAIRMINED System of Production, as benefits become clear and miners in the ASMO become better trained in responsible mining practices.

### 0.2.4 Inclusion in the FAIRMINED System of Production

The ASMO defines its certification scope prior to FAIRMINED application through defining its FAIRMINED System of Production.

The ASMO defines which areas, communities, miners and processing units are part of the FAIRMINED supply chain – and therefore are included within the FAIRMINED System of Production, and which are not included or are only service providers.

The ASMO must have authority (by law or constitution) over all areas which are part of the FAIRMINED System of Production:

- The ASMO or its miners have or are granted land-rights,
- The ASMO or its miners have or are granted mining rights and all applicable government licenses and permits
- The ASMO or its miners own domestic or industrial mineral processing facilities (if applicable).

The ASMO is fully responsible for compliance with all standard requirements in the FAIRMINED System of Production.

A System of Production is defined through:

- A complete register of all miners of the ASMO, that clearly defines which miners ARE included in the System of Production and which ARE NOT included.

  For each registered miner, the ASMO records at least:
  
  1. Name
  2. Date of birth
  3. Legal document / identity card number
  4. Name of the organization, workgroup, mining front, micro-enterprise or small enterprise where he/ she belongs to.

- A written description supported by a sketch map of the mining community and the mining area, indicating the location of specific areas, mines and processing facilities (including domestic) within the ASMO’s mining area, and clearly stating which of them
are included in the ASMO’s FAIRMINED supply chain and which are not. Third party services providers, which are part of the FAIRMINED supply chain, but are outside the scope of the ASMO, must also be described.

The inclusion of individuals in the FAIRMINED System of Production follows the principles enshrined in the *Internal Regulations or By-laws of the ASMO*, where criteria of inclusion must be clearly defined (see below).

If a single production unit (e.g. a group of miners, a mining front or a processing plant) is included in the FAIRMINED System of Production, all the miners who work within its scope must also be included in the System of Production.

A FAIRMINED System of Production also describes the involvement of different technical elements or units to the internal supply chain. It clearly describes the level of control, and therefore responsibility, which the ASMO has over third-party owned and operated infrastructure (e.g. processing plants) used for the production process.

Further guidance on mapping the System of Production, rules for inclusion and non-inclusion of miners, as well as guidance on the Internal Control System ensuring traceability will be provided in the Explanatory Document.

Non-inclusion in the ASMO’s certification scope shall be defined based on whether the ASMO can or cannot control and take responsibility over persons, areas and production units (processes). The ASMO shall make all reasonable efforts to minimize the need for non-inclusion, and the ASMO shall not exclude persons, areas and in particular production units or processes in a discriminatory way or in order to minimize the efforts to reach standard compliance of its production process.

*It is however compatible with the intent of the Standard, that a smaller group within a large ASMO starts to demonstrate responsible ASM through FAIRMINED certification, in order to convince still hesitant groups to follow their example and later scale-up the ASMO’s FAIRMINED System of Production scope.*

### 0.2.5 Parallel Systems of Production for regular and ecological FAIRMINED Gold

In ASMOs where part of the miners produce gold under the advanced requirements for Ecological FAIRMINED Gold and part of the miners produce gold as "regular" FAIRMINED Gold, two separate Systems of Production may coexist within one ASMO.

In this case, both Systems of Production must have independent and robust Internal Control Systems in place, ensuring traceability within each System of Production and avoiding any overlapping of mining areas, miners or processing units.

### 0.2.6 Pro-active Responsibilities of the ASMO over the Mining Community and the local environment

The community mining nature of most ASM means that ASMOs involved in FAIRMINED are committed to improving the quality of life in their communities.

3rd Level of responsibilities means that ASMOs actively promote sustainable development of their communities and collaborate with authorities and other community groups to support actions and implement monitoring of issues affecting the community that are directly or indirectly related to mining, such as:

- The situation of women and children in the community,
- Child labor and forced labor in the community,
- Mercury management in the community, and
- Biodiversity/forest conservation and water stewardship in their area of influence.

The ASMO assumes pro-actively this type of “3rd level of responsibilities” in accordance with ARM’s Principles for Responsible ASM. These activities should be an integral part of the
FAIRMINED Development Priorities Plan of the ASMO/ the Premium Committee; or they must be demonstrated through other means by the ASMO. These actions should be complementary to the responsibilities of the authorities, and are not meant to substitute them.

**The local area is the area where the ASMO has its mining rights including the land rights (where applicable). If there is a community within this area or within the direct surrounding area, then this is considered to be the community where the ASMO has responsibility for compliance with the STANDARD requirements and where it is the driving force for development. In this area and its vicinity, the ASMO assumes 3rd level responsibilities over areas and people of the mining communities, which are not directly part of its FAIRMINED System of Production.**

Further guidance on the extent of 3rd Level Responsibilities, and the type of evidence required to demonstrate the commitment of the ASMO to tackling these sensitive issues shall be provided in the Explanatory Document.

The concept of inclusion/non-inclusion in the System of Production involves the fundamental risk of creating double standards in the mining communities where the ASMO and its miners are operating or living. However, by making possible early on in the process to certify pioneers of responsible mining within the ASMO FAIRMINED gives a powerful way to lead by example providing a great incentive for miners who are not yet convinced, to work towards inclusion in the FAIRMINED System of Production and thus partake of the benefits of FAIRMINED.

The longer-term 2nd and 3rd level responsibilities of the ASMO towards all the miners in the ASMO’s mining area and towards the community in general mitigate the risks associated with non-inclusion in the FAIRMINED System of Production and contribute to promote the benefits of FAIRMINED in ASMO and the broader community.

### 0.2.7 Product scope

The STANDARD covers gold sourced from FAIRMINED certified artisanal and small-scale mines, which usually operate in one or several of the following types of deposit:

- Hard-rock surface or underground vein mines, often abandoned by medium- and large-scale companies
- Outcrops with small veins
- Alluvial or placer deposits on river beaches, alluvial plains, and terraces
- Tailings- or waste rock dumps (dumps as defined in Glossary)
- Rejected overburden

The scope of the STANDARD excludes mechanical dredging of gold or associated precious metals in natural water bodies, such as flooded river beds, seas, lakes, etc. unless all of the following conditions are met by artisanal dredging operations:

- The operation is strictly artisanal:
  1. The maximum capacity of dredges is not exceeding a suction hose diameter of 4 inch.
  2. The average number of all dredges operating in the mining area is not exceeding 1 dredge per km river-length or 1 ha lake and/or sea area.

- The environmental impact is marginal:
  3. The water turbidity (solids in gr/l) generated by the dredge (measured at 10 m downstream) is not exceeding the water turbidity registered at the highest natural seasonal turbidity level.

- Emissions of toxic substances to the environment do not occur:
  4. Fuel tanks, motor and pump are equipped with protective measures against spill of fuel residues. (Standard requirements regarding fuel residues apply on board of the dredge)
  5. The dredge is considered a premise where use of toxic chemicals is not allowed.
(Standard requirements equivalent to residential areas apply on board of the dredge)

### By-products

The STANDARD also takes into consideration that gold may be found in association with other precious metals such as silver and platinum (platinum group metals). These can also be certified as FAIRMINED when found alongside the certified gold.

Artisanal and small-scale miners develop their activity in mineral deposits with geological characteristics that allow for a generally simplified exploitation. There are many mineral deposits such as riverbeds, alluvial plains and outcrops of small veins, as well as mines and tailings abandoned by medium- and large-scale miners that can be exploited after a simple survey, using basic but effective artisanal mining practices. These gold deposits often contain other metals as by-products.

Throughout this STANDARD “gold” refers to gold and associated silver and platinum found in the same mining operation. While associated silver is of marginal economic relevance and associated platinum occurs only in rare cases, both by-products are included in the STANDARD to promote full use of the mineral deposit through the incentive of the Premium.

The STANDARD applies to gold as it is found in the mine, in mineral, concentrate and intermediate products, and/or as used in processing, trading, refining, manufacturing, and in consumer products.

Price and Premium are based on the fine gold content.

<table>
<thead>
<tr>
<th>0.2.8 Specific Product Description FAIRMINED Gold</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FAIRMINED Gold</strong> refers to the pure chemical element “gold” (Au) contained in the mineral or in form of different alloys and different purity in metals produced by an ASMO in compliance with the requirements of the STANDARD.</td>
</tr>
<tr>
<td><strong>FAIRMINED Ecological Gold</strong> refers to FAIRMINED Gold that has been produced by an ASMO in compliance with the additional requirements for Ecological Gold.</td>
</tr>
<tr>
<td>All gold-bearing mineral is characterized by its grade (usually expressed as grams or troy ounces per ton or cubic meter), and all alloys are characterized by their fineness (usually expressed in parts of 1000 or as caratage in parts of 24).</td>
</tr>
<tr>
<td>As 100% pure gold is technically/economically not feasible, the globally accepted purity standard of the London Bullion Market Exchange (LBMA) is used in practice. According to the LBMA Standard the minimum acceptable fineness is 995.0 parts per thousand fine gold, with fineness determined to four significant digits.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>0.2.9 Specific Product Description FAIRMINED Silver and Platinum</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FAIRMINED silver</strong> refers to the pure chemical element “silver” (Ag) contained in the mineral or in form of different alloys and different purity in metals.</td>
</tr>
<tr>
<td><strong>FAIRMINED platinum</strong> refers to the pure chemical element “platinum” (Pt) contained in the mineral or in form of different alloys and different purity in metals.</td>
</tr>
<tr>
<td><strong>FAIRMINED Ecological silver</strong> and <strong>FAIRMINED Ecological Platinum</strong> refer to silver and platinum that has been produced by the ASMO in compliance with the requirements for Ecological Gold.</td>
</tr>
<tr>
<td>As 100% pure silver and platinum are technically/economically not feasible, the globally accepted purity standards of the London Bullion Market Exchange (LBMA) and of the London Platinum and Palladium Market (LPPM), respectively, are used in practice. According to these standards the minimum acceptable fineness is for silver 999.0 and for platinum 999.5 parts per thousand, with fineness determined to four significant digits.</td>
</tr>
<tr>
<td>Wherever this STANDARD refers to “gold” this includes other precious metals like silver and</td>
</tr>
</tbody>
</table>
platinum when found and produced as by-products alongside the certified gold, and should therefore be interpreted as “gold and associated silver and platinum” unless otherwise indicated by referring to “gold (Au)”, “silver (Ag)” and “platinum (Pt)”.

### 0.2.10 Geographical scope and exclusion of areas

The geographic scope of producing countries includes low- and medium-income countries qualifying for Official Development Assistance in Latin America and Caribbean, Africa, Asia and Oceania, as published on the ARM web site.

The geographic scope of value chain operators and consumer countries is global.

The scope excludes:

a) **Areas where conflict between the agricultural activity and artisanal and small-scale mining activity occurs.** Such areas will be identified ARM according to the “Explanatory Document and Procedure for the determination of Areas Temporarily Excluded (ATE)”. The list of such areas is maintained by ARM. The FAIRMINED Standard Committee can designate exclusions, even in the absence of a stakeholder submission (as per current procedure).

In these areas ASMOs can receive an exception and apply for certification only if they can demonstrate to an independent and relevant NGO or government institution familiar with the local situation that no conflict exists between their organization and the surrounding agricultural sector. Such endorsement must accompany the application where applicable.

*All stakeholders including NGOs and/or agricultural producers are invited to present requests for exclusion of specific areas (ATEs) to ARM.*

b) **Protected Areas and Critical Ecosystems**

b1) **Environmentally and Archeologically Protected Areas:** This exclusion refers to all areas protected under national legislation where mining is not allowed, including its buffer zones where defined as exclusion areas by the respective authority. ASMOs may request an exception and apply for certification if they can demonstrate to have been working in the area for more than 10 years under the supervision of the competent environmental authority, or that their activity can co-exist with the protection objectives, that it provides a viable solution for livelihood in complex areas, and if they have mining rights and environmental permits approved. Since each situation is different, the applications will be considered on a case by case basis by the Application Committee.

*The STANDARD does not encourage newcomer-operators in protected areas.*

b2) **Critical Ecosystems:** Environmentally sensitive areas (not protected under national legislation) where mining represents an extraordinary environmental threat may be identified by ARM according to the “Explanatory Document and Procedure for the Determination of Areas Temporarily Excluded (ATE)”. The list of ATE areas is maintained by ARM and determined on a demand basis. ASMOs in a zone determined as ATE may request an exception and apply for certification if they can demonstrate that their activity can co-exist with the protection objectives of the area, that it provides a viable solution for livelihood in complex areas and if they have mining rights and environmental permits approved.

*The STANDARD does not encourage newcomer-operators in critical ecosystems.*

*Environmental organizations are invited to present request for exclusion of specific areas (ATEs).*

c) **Conflict-Affected and High-Risk Areas:**

This exclusion refers to all areas identified as "red-flagged" conflict-affected or high-risk areas, according to the definition of the “Appendix 1” of the "Supplement on Gold" of the " OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and
High-Risk Areas” ASMOs in such areas may only apply for certification if they can credibly ensure not to be involved in "direct or indirect support to non-state armed groups or public or private security forces through the extraction, transport, trade, handling or export of gold" as defined in the OECD Guidance.

Where deemed appropriate (based on a case-by-case analysis) by the certification body, or required by governing legislation or international treaties, a due diligence process according to the OECD Guidance or governing laws (where applicable) shall be performed to confirm that gold produced by the ASMO is "conflict free".

Results of due diligence during application for certification or during audit only present the situation at that very moment in time. This does not exempt future certified, authorized or licensed buyers from carrying out their own due diligence processes. In order to be later able to export, it is therefore important for ASMOs in conflict affected and high-risk areas to become familiar with participation in due diligence processes at the earliest possible stage.

The request for exclusion of specific areas from certification of artisanal and small-scale mining must specify the exact areas and the reasons for exclusions. Identification of conflict areas must be specific.

In the case of exceptions from agricultural conflict areas, applicants need to provide positive endorsement by an independent body to the certification body, which will be the ultimate authority to decide if certification is granted. Audits need to include verification.

Exceptions from Protected Areas and Critical Ecosystems aim to protect livelihoods of indigenous communities living in such areas that depend on traditional gold panning, as well as to give fair treatment in cases where ASMOs were working in areas that were later declared as protected. The requirement of valid mining rights and environmental permits ensures that the exception is aligned with national legal interpretation. Audits need to include verification.

Exceptions from Conflict-Affected and High-Risk Areas aim to protect artisanal mining organizations that, by creating conflict-resilient livelihoods in such areas, are part of the solution.

### 0.3 Structure

Each section of the STANDARD begins with an introductory intent statement that describes that section’s objective. The STANDARD then sets out the requirements in their exact terms.

The STANDARD indicates for each requirement whether it is considered an Entry Principle (that has to be complied with in order to qualify for certification) or a requirement to be met by further progress after certification (a Progressive Principle).

The STANDARD indicates for each requirement the timeframe (year) of expected compliance and the audit scope of the requirement, reflecting the 3 levels of ASMO’s responsibility (FAIRMINED System of Production/ ASMO/ Community)

### 0.4 References

When setting the FAIRMINED Standard, the following internationally recognized standards and conventions are taken into consideration, particularly those of the International Labor Organization (ILO), which are the most widely recognized international labor standards. In this document the requirements are written in their own terms but, where applicable, references are made to other external standards that ARM follows.

Additionally, the STANDARD requires that producer organizations always abide by national legislation.

Requirements at "Entry" level aim not to exceed national legislation, while compliance with "international standards and conventions" (if these are higher than national legislation) are considered as “Progressive” level. If a requirement is not aligned with the above, then it should be considered by the certification body as a “Progressive” requirement (rather than “Entry”)

| © Alliance for Responsible Mining Foundation -ARM, 2009-2014. Page 14 |
providing for reasonable time for adjustment.

Requirements set by National Legislation may be higher or lower than requirements set by the STANDARD. To ensure compatibility, national legislation always prevails:

- Where legal requirements are higher than STANDARD requirements, the higher legal requirements apply.
- Where STANDARD requirements are higher than legal requirements, the lower legal requirements replace the STANDARD requirements for the indicated timeframe (e.g. year 0) and the higher STANDARD requirements become applicable for the next 3-year certification cycle (e.g. requirement for compliance postponed from year 0 to year 3).

The STANDARD adheres to ARM’s principles for responsible ASM and all herein mentioned references, as published by ARM and included below.

**PRINCIPLES FOR RESPONSIBLE ASM**

(Adapted from: The Golden Vein: A Guide to Responsible Artisanal and Small-scale Mining. ARM Series on Responsible ASM, 2008)

1. The Millennium Development Goals and Declaration on Sustainable Development

FAIRMINED is committed to the Millennium Development Goals and the Johannesburg Declaration on Sustainable Development, and to the following of specific principles for Responsible Artisanal and Small-scale Mining:

2. Legality

Responsible Artisanal and Small-scale Mining (ASM) complies with the national legal frameworks. Where national legislation does not recognize the legal rights of community-based artisanal and small-scale miners despite their legitimate efforts towards legalization, ARM will, as far as possible, work with organized ASM, local organization’s and national governments to lobby for improved public policies for responsible ASM organizations interested in committing to the principles.

3. Human Rights

Responsible ASM is based on the Universal Declaration of Human Rights and on UN declarations regarding the cultural, social and economic rights of individuals. The rights of artisanal and small-scale miners must be respected, and their violation denounced. Responsible community-based artisanal and small-scale miners’ organizations respect the human rights, as well as the social, economic, cultural, and labor rights of all persons involved and of the local community, as fundamental principles. The rights of women, disadvantaged groups and individuals, including migrant workers, are specifically included.

4. Decent Work

Responsible ASM involves decent work in line with the ILO fundamental principles and rights. Work in Responsible Artisanal and Small-scale Mining is performed in conditions of freedom, equality, occupational health and safety, and human dignity, free from child labor, allowing the access of small-scale minerals producers, workers and their families to a decent standard of living.

5. Quality of Life and Sustainable Human Development for ASM communities

Responsible ASM contributes to the sustainable human development of their communities. Responsible Artisanal and Small-scale Mining improves the quality of life of men and women miners, their families, and the community that hosts ASM endeavors, respecting the values, beliefs and priorities of each community.

6. Environmental Stewardship

Responsible ASM actively encourages better preventive and restorative environmental practices and the application of responsible methods of production. Responsible miners abide by the
environmental laws in their countries, contribute to environmental protection, human health, and ecological restoration in its operations and communities, and mitigate negative impacts. Responsible ASM care for water, respect protected areas, avoid damaging important biodiversity, minimizing the ecological footprint of mining, and, where possible restoring or replacing biodiversity, and where this is not possible, compensating for that residual loss.

7. Gender Equality

Women’s work is properly valued and rewarded. In the organizations and initiatives of responsible ASM, equality should exist among men and women in all rights, including access to resources, the use of earnings, and participation and impact on decision-making processes. Women are always paid for their contribution to the production process and are empowered in their organizations. The miners’ organization ensures equal pay for equal labor regardless of the laborer’s gender. In organizations, processes and activities where there is marginalization of women, measures and actions shall be taken in order to improve equality.

8. Multicultural Nature

Artisanal and Small-scale Mining often develops in contexts of ethnic and cultural diversity. Where indigenous peoples or other ethnic groups are owners of the territory and are different from the miners themselves, responsible ASM organizations will undertake consultations based on the spirit of ILO Convention 169, with respect for local cultural practices in order to reach agreements with the local traditional authority and community with regards to the impacts and benefits of mining operations and trading in that indigenous or ethnic territory.

9. No Contribution to Armed Conflicts

The STANDARD will not support organizations involved with armed conflict in any way, including financing conflict or the use of revenue to engage in activities that facilitate the purchasing of arms. However, the STANDARD recognizes that traditional ASM operating in conflict and high-risk areas are often the victims of armed groups. The STANDARD therefore aims to strengthen the rights and activities of artisanal and small-scale miners who work under the difficult and dangerous conditions of internal armed conflicts. It follows the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas", in particular Appendix 1 of its “Supplement for Gold”. ASMOs in such areas may only apply for certification if they credibly ensure not to be involved in "Direct or indirect support to non-state armed groups or public or private security forces through the extraction, transport, trade, handling or export of gold" as defined in the OECD Guidance.

In order to improve the working and living conditions of small-scale miners, their families and communities in conflict zones, the STANDARD is based on the spirit of International Humanitarian Law which tries to widen the range of activities of civilians in the situation of an internal armed conflict, and to delimitate the action of the armed parties. Community based Artisanal and Small-scale Mining Organizations strengthen the possibilities of small-scale miners as a vulnerable social group, so that they cannot be extorted or forced into collaboration with armed groups or armed individuals (e.g. financial contributions, delivering of information etc.)

0.5 Definitions

The glossary of terms used across the FAIRMINED Standard can be found in Glossary Annex. All the terms used in the STANDARD should be interpreted in accordance with their definitions in the Glossary.

0.6 Implementation

When undertaking audits and certification decisions, the certification body will closely follow the wording of the STANDARD and the objectives and guidance given. In case of appeals of an operator, the certification body shall consult the standard setter regarding the intent of the standard.
0.7 Application

This is the version 2.0 RC of the FAIRMINED Standard for Gold from Artisanal and Small-scale Mining, including associated precious metals. It becomes applicable from 01 January 2014.

The FAIRMINED Standard evolved from ARM’s "Standard Zero for Fair Trade Gold" (2006) and from the later "Fairtrade and Fairmined Standard for Gold from Artisanal and Small-scale miners, including associated silver and platinum" (2010).

This version 2.0 RC, published as "Release Candidate" version, precedes the final version 2.0, scheduled for release on 01 February 2014. The final version 2.0 may differ from 2.0 RC by minor editorial fixes and additional explanatory notes for clarification where requested, but without more major changes.

The transition period for already certified ASMOs and operators is 1 year, starting from the above date. During this period the ASMO or operator may choose between audits according to version 1.1 or 2.0 of the STANDARD.

No transition period applies for FAIRMINED Premium payments and payment of the FAIRMINED Development Fee (see chapter 5.2). In order not to create any disruption in the premium level, and considering the new premium of 4000 USD/kg very near to the previous value of 10% of the average LBMA fixings in December 2013, the new FAIRMINED Premium and FAIRMINED Development Fee become applicable from 01 January 2014 for all transactions.

Concerning other transactional differences between version 1.1 and version 2.0: If, during the transition period, buyers and sellers operate on different STANDARD versions, seller and buyer may mutually agree on the applicable STANDARD version governing transactions. In absence of an agreement, the seller’s (producer’s) version prevails for transactions.

0.8 Monitoring of amendments

ARM reserves the right to amend the STANDARD in accordance with the ARM’s Standards Setting Procedures and the Terms of Reference of FAIRMINED Standard Committee, comprised of representatives for miners, traders, practitioners and NGO’s. Requirements of the STANDARD may be added, deleted or otherwise modified.

Certification ensures the compliance with the STANDARD. Revision of the STANDARD may lead to a change in the requirements of FAIRMINED Certification. Those who wish to be certified or have already undergone certification are required to monitor pending and finalized certification policies indicated on ARM’s website.

1 General Requirements

Intent

This chapter outlines the requirements that relate to the certification and to the scope of this Standard.

1.1 Application

1.1.1 Year 0 / Entry / Scope: ASMO

Artisanal miners can participate in FAIRMINED if an ASMO (Artisanal and Small-scale Mining Organization) is in place.

1.1.2 Year 0 / Entry / Scope: ASMO

As a pre-requisite to apply for initial certification, the ASMO must accredit its “artisanal and small-scale” nature by completing the application questionnaire and submitting the herein requested documents to ARM.
<table>
<thead>
<tr>
<th>1.3 Year 0 / Entry / Scope: ASMO</th>
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<tbody>
<tr>
<td>The ASMO must accept audits of their premises and subcontracted premises and provide information at the certification body’s request.</td>
</tr>
<tr>
<td>If not all the areas of the ASMO are included in the certified FAIRMINED System of Production, those premises that ARE included in the FAIRMINED System of Production will be audited against compliance with 1st level responsibility requirements, whereas the rest of ASMO’s mining area will be audited against compliance with 2nd level responsibility requirements.</td>
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<tr>
<th>1.4 Year 0 / Entry / Scope: ASMO</th>
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<tbody>
<tr>
<td>The ASMO must appoint a contact person for all certification matters. This person must keep the certification body and ARM updated with contact details and important information.</td>
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### 1.2 Certification Scope

#### Intent

This STANDARD is directed at community based Artisanal and Small-Scale Mining Organizations (ASMOs) comprising of all possible forms of organizations that they may constitute. The ASMO contributes to the social and economic development of its mining community.

While the ASMO, as certificate holder, has always responsibility for compliance with all requirements of the STANDARD, compliance will be audited according to the levels of responsibility indicated in 0.2.2, depending on the intent of each requirement. However, only gold produced within the FAIRMINED System of Production, which corresponds to the ASMOs 1st level of responsibilities and where all requirements have to be complied with, can be traded as certified FAIRMINED Gold.

#### 1.2.1 Year 0 / Entry / Scope: ASMO

The FAIRMINED System of Production must be defined through:

- A complete register of all miners of the ASMO, that clearly defines which miners are included in the FAIRMINED System of Production and which are not included.

  **Registration:** The ASMO registers all miners that are allowed by the ASMO to extract and/or process mineral from the ASMO’s mining area, indicating those of them are included in the FAIRMINED System of Production. A sketch map of ASMO’s mining area, identifying all areas included in the FAIRMINED System of Production accompanies registration.

  For each registered miner, the ASMO records at least:
  1. Name
  2. Date of birth
  3. Legal document / identity card number
  4. Name of the organization, workgroup, mining front, micro-enterprise or small enterprise where he/she belongs

  In case unauthorized miners work informally within the mining area of the ASMO and refuse to leave or to register, registration of such groups (which do not belong to the ASMO and obviously cannot be included in the System of Production) has to be done by qualitative and quantitative description of the group, demonstrating that the ASMO is at any moment fully aware of their unauthorized presence in the mining area.

- A written description supported by a sketch map of the mining community and mining area, indicating the location of specific areas, mines and processing facilities (including
domestic) within the ASMO’s mining area, and clearly stating which of them are included in the ASMO’s FAIRMINED supply chain and which are not. Third party services providers which are part of the FAIRMINED supply chain, but are outside the scope of the ASMO, must also be described.

The register of miners, mining area and facilities has to be coherent. E.g.: All areas where miners of the System of Production work have to be included in the System of Production. All facilities controlled by miners of the System of Production have to be included. Miners working in non-included areas cannot be included.

Included and non-included areas or miners can however share joint features (e.g. the main entry to an underground mine). In this case the jointly used features are considered part of the System of Production and have to comply with the STANDARD.

1.2.2 Year 0 / Entry / Scope: ASMO

If external service providers are part of the FAIRMINED supply chain, and where there are choices, the ASMO must demonstrate that best efforts are made to choose providers that comply with traceability requirements and legal requirements.

Parts of the FAIRMINED supply chain should only be considered external service provider, if the ASMO has no control over them (e.g. third party owned processing plants, desorption plants). If such plants are owned (or co-owned with a significant share / legal minority) by miners who are part of the FAIRMINED System of Production they cannot be considered external service provider, but have to be included in the System of Production and comply with all requirements.

1.2.3 Year 0 / Entry / Scope: ASMO

The ASMO and all legal organizations of its FAIRMINED System of Production must have a legal and transparent structure in place according to the respective legislation applicable for the specified type of organization.

1.2.4 Year 0 / Entry / Scope: ASMO

The ASMO and all legal organizations of its FAIRMINED System of Production must have financial control complying with national regulations.

1.2.5 Year 0 / Entry / Scope: System of Production

The ASMO must establish an Internal Control System being able to cover all volumes and sales into the FAIRMINED supply chain and clearly separating it from all mineral, gold or tailings from miners, areas and processing units that are not included in the FAIRMINED System of Production.

The purpose of the Internal Control System (ICS) is to monitor the origin of gold and gold bearing mineral (ore and/or tailing).

All processing facilities (also applies to domestic processing facilities if they sell into the FAIRMINED supply chain to the organization’s plant or to the organization) must have a documented Internal Control System available onsite. All data is to be documented with the ASMO in a central ICS. Minimum requirements are:

- A list of all miners and processing units that deliver gold minerals, and tailings to them, signed by the responsible person with up-to-date ID card No.
- Delivery date
- Delivered amount
- Area of origin, assigned by the ASMO to the miners in the FAIRMINED System of Production (name, description)
- Gold content (if applicable)
- Laboratory results (if applicable)
- The payment (if applicable onsite)

The second element of the ICS of an ASMO is regular monitoring of the assigned areas where
Miners registered in the FAIRMINED System of Production operate. The ASMO checks via random visits who works in such areas and monitors the daily delivery to processing facilities. Such visits are done by authorized persons of the ASMO (Supervisor/Shift leader). The ASMO records frequency, date and irregularities (if applicable).

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<tr>
<th>1.2.6</th>
<th>Year 0 / Entry / Scope: ASMO</th>
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<tr>
<td>The majority (50%+1) of the miners working in the scope of the ASMO must be community based artisanal or small-scale miners. Mining is done by themselves and their families;</td>
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<tr>
<td>Owners/members/holders of the ASMO participate in mining activities or are dedicated to economic activities of the ASMO;</td>
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<tr>
<td>Owners/members/holders of the ASMO are part of the mining community;</td>
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<tr>
<td>Owners/members/holders of the ASMO are never shareholders of industrial mining capital.</td>
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<th>1.2.7</th>
<th>Year 0 / Entry / Scope: ASMO</th>
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<tr>
<td>Clear and non-discriminatory rules for inclusion and non-inclusion of miners in the FAIRMINED System of Production must be in place.</td>
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<tr>
<td>Rules must not discriminate against any group or individual from the community who wants to be part of a FAIRMINED System of Production and is willing and ready to comply with the requirements of the Standard.</td>
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<th>1.2.8</th>
<th>Year 0 / Entry / Scope: ASMO</th>
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<tr>
<td>Only the miners and areas included in the FAIRMINED System of Production may produce FAIRMINED gold, gold ore, concentrate or tailings. Gold, gold ore, concentrate and economically valuable tailings from miners or areas not included in the FAIRMINED System of Production must be kept separate from FAIRMINED Gold and must not be sold as FAIRMINED Gold.</td>
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### Specific ASMO responsibilities

#### Intent

Miners wanting to obtain FAIRMINED certification must formalize all their extractive and commercial activities and pay all their taxes. In many countries mining royalties are partly redistributed to the mining regions, where the local government can use them for infrastructure, education, health, other public goods, and/or improving quality of life.

In addition, responsible ASMOS who participate in FAIRMINED certification must demonstrate that they develop mining activity without the destruction of natural resources required by other groups in the local community, be it ethnic groups or agriculturalists and herders, and that they implement effective conflict management mechanisms.

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<tr>
<th>1.3.1</th>
<th>Year 0 / Entry / Scope: System of Production</th>
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<tr>
<td>The ASMO or its miners must possess or be granted land-rights and mining rights for all areas included in its FAIRMINED System of Production.</td>
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<tr>
<td>The legal terms &quot;mining rights&quot; and &quot;land rights&quot; may have different meanings according to national legislation and are therefore to be understood in their generic sense, as the right of miners to operate in the area and take possession of the minerals.</td>
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<th>1.3.2</th>
<th>Year 0 / Entry / Scope: System of Production</th>
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<tr>
<td>Taxes, fees, royalties and other tributes as required by applicable legislation must be paid to the relevant authority.</td>
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<tr>
<th>1.3.3</th>
<th>Year 0 / Entry / Scope: ASMO</th>
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<tr>
<td>Revenues of the ASMO and its miners must not be used directly or indirectly to finance or support illegal activities or armed conflicts</td>
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<td>Year 0 / Entry / Scope: System of Production</td>
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<td>---------------------------------------------</td>
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<tr>
<td>The mining operations must be conducted with the agreement of the legal and traditional local community authorities.</td>
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<tr>
<th>Year 1 / Progressive / Scope: System of Production</th>
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<tr>
<td>A Grievance Procedure for human rights and environment must be in place, which includes a due diligence process. The ASMO must inform ARM about grievances not resolved at a local level.</td>
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<tr>
<th>Year 1 / Progressive / Scope: ASMO</th>
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<tr>
<td>As part of its 2nd level responsibilities, the ASMO actively promotes Responsible ASM practices in its entire mining area. (Applicable if not all miners are included in the FAIRMINED System of Production)</td>
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**Responsible mining practices are defined according to ARM’s vision and principles for Responsible ASM (see above 0.4).**

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<tr>
<th>Year 3 / Progressive / Scope: Community</th>
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<tr>
<td>The ASMO plays an active role in planning and promoting local sustainable development in its mining area. The ASMO must also assume 3rd level responsibilities (see 0.2.5) over the surrounding community including areas, entities and people that are NOT part of its mining area.</td>
</tr>
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</table>

Through activities to address and monitor sensitive issues, and including them in the FAIRMINED Development Priorities Plan, the ASMO pro-actively assumes co-responsibility in coordination with authorities, community organizations, and relevant NGO’s (where applicable) progressive improvement of core FAIRMINED principles in its community.

The most sensitive areas where the ASMO develops clear pro-active and co-responsible actions and monitoring are:

- The situation of women and children in the community
- Child labor and forced labor in the community
- Mercury management in the community
- Biodiversity/forest conservation and water stewardship in their area of influence

**Monitoring the situation of women, child labor, and the wellbeing of families in the community:** the ASMO must engage with others to implement Child Protection actions through community-led Child Labor Monitoring in the mining communities and actively supporting remediation systems. (Guidance to be provided by ARM).

**Monitoring and campaigning against amalgam burning in the community:** the ASMO must make the strongest possible effort to monitor and prohibit amalgam burning within habitat areas of the mining community (where applicable).

**Environmental Monitoring, Forest Management (applies in forested areas) and Water Stewardship:** the ASMO must make the strongest possible efforts to collaborate with other community groups and its authorities to monitor and sustainably manage collective forests and water resource in its area of influence (inside and outside its mining area).

### 1.4 Traceability within the ASMO

**Intent**

Traceability requirements are to protect operators and users. The objective is to ensure the authenticity of FAIRMINED Gold can be verified, so that operators only sell FAIRMINED products that are purchased as such. The objective is to trace the gold back to the producer by check of documentation, as well as ensuring that the product is also physically separate and identifiable from non-FAIRMINED products.

Complete documental traceability is always a requirement. For FAIRMINED Gold physical
traceability has to be assured as long as the associated traceability costs of the ASMO do not proportionally exceed the benefits for the ASMO through the Premium. Indicators for traceability costs and procedures for documentation of disproportional costs are set out in more detail in the Explanatory Document. Even in such cases (where a mineral processing step needs to be outsourced, because the ASMO does not own advanced mineral processing equipment), the certified gold is gold mined by the ASMO’s FAIRMINED System of Production and sold by the ASMO or miners included in the System of Production. Physical and/or documental traceability requirements assure the customer that this exact quantity of FAIRMINED Gold was mined according to this STANDARD by one or more artisanal and small-scale mining organizations, and that the purchase of the gold provides immediate benefits to this/these certified organization(s).

For FAIRMINED Ecological Gold, which is a very exceptional product that deserves handling with special care, physical traceability is always required and no exceptions are permitted. Complete documental and physical traceability of certified Ecological Gold allow any operator (from first buyer to final retailer) to make provenance claims under his/her responsibility, indicating that the gold in the final product has been produced as provenance gold by certain ASMOs, and that the purchase of the consumer product provides immediate and exclusive benefits to this/these certified organization(s).

The ASMO is responsible for ensuring that effective Internal Control Systems are in place for its System of Production in order to ensure the internal traceability of the mineral.

1.4.1 Year 0 / Entry / Scope: System of Production
The entire volume of FAIRMINED Gold produced must be physically traceable.

*For that purpose the ASMO has implemented an Internal Control System (ICS) that proves the origin of the ore, concentrates and final products.*

1.4.2 Year 0 / Entry / System of Production
If there exists any need to lease or hire third party owned equipment for mineral processing, or to contract third party operators to process their mineral or to perform further enrichment of intermediary products, best available efforts towards full compliance with physical traceability of gold must be ensured.

Only where full compliance with physical traceability requirements imposes disproportional costs, ASMOs are exempt from physical traceability requirements. Subcontracted service providers (such as processors) are subject to physical audits for which the ASMO has the responsibility.

*Indicators for physical traceability costs and procedures for documentation of disproportional costs that qualify for exemption from physical traceability are set out in more detail in a separate Explanatory Document. In case of exemption from physical traceability of a processing step, the ASMO or its miners must be in physical possession of the product before and after the exempted processing step and exact mass balance (input equals output, less process losses) must be assured.*

1.4.3 Year 0 / Entry / Scope: ASMO or System of Production, as applicable
Joining, blending and consolidating of two or more certified volumes of mineral or intermediate products from two or more certified producers for the purpose of joint processing is allowed.

*Applies for volumes of (ordinary) FAIRMINED Gold and for volumes of FAIRMINED Ecological gold, but not for joining, blending and consolidating (ordinary) FAIRMINED Gold with FAIRMINED Ecological Gold.*

1.4.4 Year 0 / Entry / Scope: System of Production for Ecological Gold
ASMOs that are certified for Ecological Gold must ensure full compliance with physical traceability requirements at all times.
1.5 Gender and Non-discrimination at the ASMO

**Intent**

The STANDARD follows the Universal Declaration of Human Rights on ending discrimination. The Declaration rejects “distinction of any kind such as, race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status” (art. 2). The STANDARD expects ASMOs to apply these principles within their own stated rules and regulations (constitution, by-laws and internal policies).

As the STANDARD is a voluntary social standard aiming to support the development of its participants, “positive discrimination” is intended (see under 1.5.2 and 1.5.3).

Exclusive membership criteria of women miners’ organizations, indigenous miners’ organizations or similar organizations where a common characteristic determines common development goals are not considered discriminatory.

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<thead>
<tr>
<th>1.5.1</th>
<th>Year 0 / Entry / Scope: ASMO</th>
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<tbody>
<tr>
<td></td>
<td>The rules for inclusion or non-inclusion in the FAIRMINED System of Production must be transparent (accessible to any interested party) and must not discriminate on the basis of race, color, gender, sexual orientation, HIV status, disability, marital status, age, religion, political opinion, language, property, nationality, ethnicity or social origin unless this is consistent with its goals and objectives. Furthermore, there must be no discrimination regarding participation, voting rights, the right to be elected, access to markets, access to training, technical support or any other benefit or obligation.</td>
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<tr>
<th>1.5.2</th>
<th>Year 3 / Progressive / Scope: System of Production</th>
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<tr>
<td></td>
<td>Programs related to disadvantaged/minority groups must be in place to improve the position of those groups in the organization, particularly with respect to recruitment, access to training and premium committee membership.</td>
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<tr>
<th>1.5.3</th>
<th>Year 3 / Progressive / Scope: System of Production</th>
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<tr>
<td></td>
<td>Appropriate measures must be taken to ensure equal representation of women.</td>
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<th>1.5.4</th>
<th>Year 3 / Progressive / Scope: System of Production</th>
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<tbody>
<tr>
<td></td>
<td>Women miners and minority groups must have equal access to mineral resources and technological innovation within the organization</td>
</tr>
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</table>

2. Environmental Protection

**Intent**

FAIRMINED environmental requirements are designed to progressively minimize the most significant risks and negative environmental impacts of ASM. These requirements prioritize environmental challenges for artisanal miners, which can be realistically achieved in the short or medium term, given their human and capital resources. The aim of the STANDARD is to drive ASM towards environmental responsibility and progressive environmental improvement.

Furthermore, the STANDARD reflects the fact that responsible mining is also a vision of artisanal mining without environmental contamination and with full ecological restoration. This also entails avoiding rush-type mining and invasions of environmentally sensitive areas. An additional Ecological Premium for the elimination of mercury and cyanide and the rehabilitation of the native ecosystem is built in as an incentive. The FAIRMINED Premium as such is not only intended as “reward” for compliance with responsible mining practices, but also as a vehicle to deliver to the miners the necessary funds to make development happen.
### 2.1 Management of Toxic Substances

**Intent**

Although elimination of the use of mercury in responsible artisanal and small-scale gold mining is an important goal, the total and immediate elimination of mercury and cyanide is not a realistic condition for FAIRMINED Gold. Despite the human health and environmental risks that the use of such chemicals presents, totally eliminating mercury and cyanide is inefficient from the perspective of mineral recovery, and if it were included in the STANDARD as a condition, 95% of all artisanal miners would be excluded from the development opportunity of FAIRMINED. Instead the STANDARD sets out a process to support ASMOs to progressively minimize the use of mercury and cyanide through implementation of responsible practices and technologies to mitigate the impact on the environment and human health. The STANDARD is aligned with the Minamata Convention on Mercury and particularly with the priority actions outlined in Annex C of the treaty, by requiring miners to eliminate (i) Whole ore amalgamation, (ii) Open burning of amalgam or processed amalgam, (iii) Burning of amalgam in residential areas, and (iv) Cyanide leaching in sediment, ore or tailings to which mercury has been added without first removing the mercury.

In addition, the STANDARD offers an Ecological Premium on top of the FAIRMINED Premium for ASMOs that eliminate mercury and cyanide altogether, using only gravimetric methods for gold recovery, and reduce ecological disruption due to mining to a minimum.

In jurisdictions where mercury and/or cyanide use is prohibited for ASM by law, legislation prevails.

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<tr>
<th>2.1.1</th>
<th>Year 0 / Entry / System of Production</th>
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<tbody>
<tr>
<td>Amalgamation should not be used if gold recovery without mercury is reasonably possible</td>
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</table>

*Recovery without mercury is considered "reasonably possible" if mercury free technology is known and successfully practiced by other miners on similar deposits in the region, or if scientific, production-scale field tests of outreach services (national, bi-or multilateral, civil society or private sector programs) in the region have demonstrated that an alternative mercury-free process allows for at least equivalent income for the miners.*

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<tr>
<th>2.1.2</th>
<th>Year 0 / Entry / Scope: System of Production</th>
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<tbody>
<tr>
<td>Whole ore amalgamation of gold with mercury is not allowed. A mercury-free concentration process must precede amalgamation. Concentration may be done mechanically or manually.</td>
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</table>

*In case of Systems of Production without mechanized processing plants (only domestic processing plants) hand sorting of mineral inside or outside the mine is considered a concentration process. For hard-rock ore deposits, crushing, grinding, regrinding, concentration and separation must be done without use of mercury. The use of mercury is only allowed on concentrates, once the above-mentioned mineral processing activities have been performed. In processing the mineral from secondary, alluvial deposits, the use of mercury is not allowed in sluice boxes, panning or any other gravimetric separation process; it is only allowed to separate gold from concentrates.*

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<tr>
<th>2.1.3</th>
<th>Year 0 / Entry / Scope: System of Production</th>
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<tr>
<td>Retorts or alternative mercury recovery techniques must be used for decomposing amalgam.</td>
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<tr>
<th>2.1.4</th>
<th>Year 0 / Entry / Scope: System of Production</th>
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<tbody>
<tr>
<td>Nitric acid must not be used for dissolving amalgam.</td>
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*Nitric acid here refers only to use in amalgam decomposition*

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<tr>
<th>2.1.5</th>
<th>Year 0 / Entry / System of Production</th>
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| Amalgam burning must not take place in homes and kitchens and other indoor places, nor in...
urban residential or recreational areas where people without protection may be affected. It is encouraged to process the amalgams in specific places where measures are taken to protect the miners and where eventual fumes are treated.

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<tr>
<th>Year 0 / Entry / Scope: System of Production</th>
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<tbody>
<tr>
<td>Toxic and dangerous substances such as explosives, mercury and cyanide must not be kept in residential houses, but in appropriately signposted places with adequate conditions for safe storage, inventory keeping and disposal.</td>
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<thead>
<tr>
<th>Year 0 / Entry / Scope: System of Production</th>
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<tr>
<td>The use of toxic and dangerous substances, such as mercury and cyanide, must be under the responsibility of trained adults over 18 years of age, never pregnant or breastfeeding women, or persons diagnosed with mental deficiencies or diseases of the gastrointestinal, urinary, nervous or respiratory systems.</td>
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<tr>
<th>Year 0 / Entry / Scope: System of Production</th>
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<tbody>
<tr>
<td>Instruments and tools used for operations with mercury must not be used in any other domestic activity.</td>
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<th>Year 0 / Entry / Scope: System of Production</th>
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<tr>
<td>Cyanide solutions and tailings must be detoxified in a lined pond or tank before discharge.</td>
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<th>Year 0 / Entry / Scope: System of Production</th>
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<tbody>
<tr>
<td>Amalgamation and cyanidation tailings and solutions must not be discharged into water or where they can reach water bodies.</td>
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<tr>
<th>Year 1 / Progressive / Scope: System of Production</th>
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<tr>
<td>Cyanide leaching plants must be operated by personnel trained in the safe and proper use of cyanide.</td>
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<tr>
<th>Year 3 / Progressive / Scope: System of Production</th>
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<tbody>
<tr>
<td>Amalgam burning must be done only in designated premises providing privacy and security, and with proper equipment and trained personnel.</td>
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<tr>
<th>Year 3 / Progressive / Scope: System of Production</th>
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<tbody>
<tr>
<td>If nitric acid is regularly used to purify liberated gold or doré, purification must be done only in designated premises containing proper equipment for neutralizing liquid and gaseous emissions that is operated by trained personnel. &quot;Regular use&quot; refers to quantities superior to 1 liter concentrated nitric acid on average per month.</td>
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<tr>
<th>Year 3 / Progressive / Scope: System of Production</th>
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<tbody>
<tr>
<td>Cyanide leaching of unprocessed amalgamated tailings is not allowed. If amalgamated tailings are leached, mercury recovering gravimetric pre-processing must precede cyanidation.</td>
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<tr>
<th>Year 6 / Progressive / Scope: System of Production</th>
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<tr>
<td>The amount of amalgamated tailings that go into leaching must have been significantly reduced</td>
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<tr>
<th>Year 9 / Progressive / Scope: System of Production</th>
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<tbody>
<tr>
<td>Leaching of any amalgamated tailings is not allowed.</td>
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## 2.2 Protection of ecosystems

**Intent**
The aim of the following section is to protect and restore the local ecosystem by using environmental friendly technologies. This will be achieved through the promotion of improved environmental management practices by miners, and the compliance with environmental regulation, water management, landscape restoration, hazard prevention, tailings and waste management, mitigation of Acid Mine Drainage (AMD), and water pollution prevention.

FAIRMINED aims to minimize the negative impact of ASM in environmentally protected areas and critical ecosystems. It neither supports nor endorses newcomer ASM in such areas.

FAIRMINED excludes mining operations in protected areas and may exclude mining in critical ecosystems from its certification scope, upon request according to the procedure for Areas Temporary Excluded (ATE) (refer to Section 0.2.10 b)

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<thead>
<tr>
<th>2.2.1</th>
<th>Year 0 / Entry / Scope: System of Production</th>
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<tbody>
<tr>
<td></td>
<td>All mining operations and processing plants must comply with national environmental laws and have valid environmental licenses, permits, or management plans according to national legal requirements.</td>
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<tr>
<th>2.2.2</th>
<th>Year 0 / Entry / Scope: ASMO</th>
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<tr>
<td></td>
<td>The mining areas of the ASMO must not be located (totally or partially) in any area protected under national legislation where mining is not allowed.</td>
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<tr>
<td></td>
<td>If the mining area is located within such area, the ASMO may apply for an exception only if:</td>
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<tr>
<td></td>
<td>- The ASMO has authorization from the relevant authority stating that the mining activities are legal and compatible with the conservation and management objectives of the protected area</td>
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<td></td>
<td>- The ASMO applying for FAIRMINED certification has an environmental mitigation plan in place</td>
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<td>- The ASMO has a positive track record</td>
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<td>- The ASMO can demonstrate that their activity provides a viable solution for livelihood in complex areas</td>
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<tr>
<th>2.2.3</th>
<th>Year 0 / Entry / Scope: System of Production</th>
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<tr>
<td></td>
<td>In the case of open-pit mines, inclination of slopes and height of benches must not exceed limits generally considered safe for that type of soil or rock.</td>
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<td></td>
<td>&quot;Generally considered safe&quot; means that slopes of the given inclination and bench height should not show failures (rock slide, land slide) in the ASMO’s or adjacent pits.</td>
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<th>2.2.4</th>
<th>Year 0 / Entry / Scope: System of Production</th>
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<tr>
<td></td>
<td>Fuel residues and their containers must not be dumped in water bodies or where they can reach water bodies. They must be properly recycled or disposed of.</td>
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<tr>
<td></td>
<td>&quot;Properly recycled or disposed of&quot; means recycling or disposal without risk for health and environment.</td>
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<th>2.2.5</th>
<th>Year 0 / Entry / Scope: System of Production</th>
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<tbody>
<tr>
<td></td>
<td>The environmental impact of any technological change must be evaluated and an environmental mitigation plan must be established if appropriate.</td>
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<th>2.2.6</th>
<th>Year 3 / Progressive / Scope: System of Production</th>
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<tbody>
<tr>
<td></td>
<td>Open pits and underground mine apertures must be refilled or blocked immediately after the termination of extractive activities to enable ecological regeneration and ensure hazard prevention.</td>
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| 2.2.7 | Year 3 / Progressive / Scope: System of Production |
Where mining could lead to acid mine drainage (AMD), effective methods to isolate acid forming materials from water must be employed.

### 2.2.8 Year 3 / Progressive / Scope: System of Production

Tailings and contaminated water must not be discharged into water bodies or where they can reach water bodies.

### 2.2.9 Year 3 / Progressive / Scope: System of Production

Intervened areas must be rehabilitated through topographic restoration as appropriate for the ecosystem or intended use.

### 2.2.10 Year 6 / Progressive / Scope: System of Production

Intervened areas must be re-vegetated as appropriate for the ecosystem or restored in accordance with land planning priorities of local community authorities.

### 2.2.11 Year 6 / Progressive / Scope: System of Production

Disposal of tailings, chemical waste and wastewater must be properly planned and carried out by experienced persons.

*It is considered good practice to address disposal of mine waste in a broader Good Waste Management plan.*

## 2.3 Ecological Gold, Silver and Platinum

### Intent

In order to promote progressive elimination in the use of mercury and cyanide, FAIRMINED recognizes an additional premium for gold and associated precious metals produced under stringent environmental practices, including forest restoration in areas of high biodiversity and ecological restoration in any ecosystem. Only gravimetric methods are accepted, with no mercury or cyanide.

Procedures, roles and responsibilities for handling the Ecological Premium are similar to handling the FAIRMINED Premium and are set out in more detail in a separate Explanatory Document. The Ecological Premium may also compensate for economic losses due to lower gold recovery of the applied mercury-free and cyanide-free processing techniques, as well as less intensive mining activity.

### 2.3.1 Year 0 / Entry / Scope: System of Production for Ecological Gold

Mercury or cyanide must not be used for mineral processing; only gravimetric methods are used.

*Tailings from gold classified as ecological gold may be sold to industrial third party processing plants (outside the System of Production) so long as the buyer is legally established and authorized to purchase such material. In this case the gravimetrically recovered gold is certifiable as “ecologic”, but the gold from the tailings is not certifiable as FAIRMINED from this System of Production.*

*If the System of Production or its miners post-processes the tailings with cyanide or mercury (which means that the System of Production uses mercury or cyanide), even the purely gravimetrically recovered fraction is not certifiable as “ecologic”. In this case the entire gold is certifiable as FAIRMINED, but not “ecologic”.*

### 2.3.2 Year 0 / Entry / Scope: System of Production for Ecological Gold

Ecological disruption due to mining must be minimized through implementation of an environmental management plan.

### 2.3.3 Year 0 / Entry / Scope: System of Production for Ecological Gold
From the outset, the ASMO must undertake a process of rehabilitation of the native ecosystem, or agree on an alternative use in accordance with land planning priorities of local community authorities.

3. **Labor Conditions**

**Intent**

The below criteria is based on the concept of decent work launched by the International Labor Organization (ILO) as a global objective. This concept is being increasingly accepted by many nations as one of the main political and socio-economic objectives to address poverty and strengthen democratic governance.

It involves “opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men”. The concept of decent work can be summarized in four basic objectives: rights at work, employment, social protection and social dialogue.

Building upon that concept and adapting it to the general characteristics of ASM, ARM has established a series of criteria for all types of employment used.

The STANDARD requires fulfillment of labor conditions according to the following principles:

The ASMO must ensure compliance with all requirements within its FAIRMINED System of Production (1st level of responsibility of the ASMO). Labor requirements are applicable to all miners included in a FAIRMINED System of Production. This includes all workers, employees, members/owners, small- and micro-enterprises, and self-employed miners (administration, industrial and domestic processing plants, mineral extraction).

Entry health and safety requirements, forced labor and elimination of child labor requirements apply to the entire mining area of the ASMO (2nd level of responsibility of the ASMO).

### 3.1 Labor conditions assessment and improvement plan

**Intent**

The Labor conditions improvement plan is a tool for the ASMO to progressively improve and harmonize the working conditions in its mining area and share the benefits of FAIRMINED with workers.

3.1.1 Year 3 / Progressive / Scope: System of Production  
Year 6 / Progressive / Scope: ASMO

To progressively improve the employment conditions of all hired workers and entities (enterprises, employers) in its area, the ASMO shall start by making an assessment of existing employment conditions in its FAIRMINED Systems of Production, later followed by a similar assessment in the whole of its mining area. This assessment is the baseline against which progress shall be tracked over the years.

*The assessment will inform the development of employment policies and procedures by the ASMO, and defines specific timeframes for implementation for FAIRMINED Systems of Production and for other miners in the ASMO’s area. The FAIRMINED Systems of Production always takes the lead to demonstrate the benefits of improving working conditions to all miners in the ASMO’s mining area and to the surrounding community.*

*The assessment should identify the priority needs in:*

- Health and Safety Conditions in the Workplace
- Social Protection
### 3.2 Health and Safety Conditions in the Workplace

**Intent**

The STANDARD adheres to ILO convention 155 (Occupational Health and Safety). The STANDARD aims to prevent accidents and health issues resulting from work, related to working or emerging while working by reducing them to a minimum in a reasonable and feasible way. The causes are related to the working environment.

The STANDARD also follows ILO Convention 176 (Safety and Health in Mines) that establishes requirements for minimum security for all mining operations.

Health and safety conditions progressively apply to all miners in the scope of the ASMO. The intent is for the ASMO to monitor compliance at the FAIRMINED System of Production level, but also to promote better health and safety practices inside all of its mining area, drawing from examples and based on adequate policies and training.

#### 3.2.1 Year 0 / Entry / Scope: ASMO

All miners must use basic personal protection equipment in accordance with the nature of the mine, the work to be done and the place where it is done.

#### 3.2.2 Year 0 / Entry / Scope: ASMO

A committee must be established, in charge of taking decisions and implementing actions in health and safety in the workplace, for the whole mining area of the ASMO.

#### 3.2.3 Year 0 / Entry / Scope: ASMO

All work processes, workplaces, machinery and equipment must be as safe as reasonably practicable.

#### 3.2.4 Year 0 / Entry / Scope: ASMO

A register of all work related accidents, fatalities and illnesses must be kept.

#### 3.2.5 Year 0 / Entry / Scope: ASMO

All miners must receive basic training on health and mining security risks.

#### 3.2.6 Year 0 / Entry / Scope: ASMO

A mining rescue plan and a first aid program must be in place.

#### 3.2.7 Year 1 / Progressive / Scope: System of Production

All miners must have access to information and training on health and safety in mining, its main risks and hazards and how to prevent, prepare for and respond to emergencies.

#### 3.2.8 Year 1 / Progressive / Scope: System of Production

All miners must be included in a program of regular medical checks, including care related to women’s health. Miners are free to decline the medical check, unless it is compulsory by law. The respective register of medical records must be set up within the first year of certification.

#### 3.2.9 Year 1 / Progressive / Scope: ASMO

The ASMO must have a clear and defined policy and process to deal with gender-based violence.
and will educate its miners regularly about sexual harassment at work and in the community.

3.2.10 Year 1 / Progressive / Scope: System of Production
Workplace risks must have been identified and a monitoring system (collecting and analyzing gender-disaggregated data) must be in place.

3.2.11 Year 3 / Progressive / Scope: Community
The ASMO should work with local authorities or other relevant parties towards making a gender-based diagnosis of the main risks and vulnerabilities to accidents and disasters in the community arising from mining activity. An action plan should be established to address the main risks and vulnerabilities identified.

3.2.12 Year 3 / Progressive / Scope: Community
The ASMO should take measures to educate the surrounding community about mining related health and safety risks.

3.3 Social Protection

Intent
Most ASMOs or employers in the mining area of the ASMO do not provide health or other insurance, nor pension provisions. However, many miners’ organizations do have internal health systems, either through some kind of solidarity fund or through purchased group liability insurance. The spirit of this requirement is to ensure that men and women miners have formal health and pension protection, or are, in absence of formal social security schemes covered by a social safety net.

3.3.1 Year 0 / Entry / Scope: System of Production
In the absence of social security protection systems, the miners affected by accidents, occupational disease or disaster must receive solidarity help through economic support collected among its miners.

3.3.2 Year 0 / Entry / Scope: System of Production.
Heirs of shareholders must not lose the rights and obligations held by the deceased in the mine and in the organization.

Applies to member-based organizations such as cooperatives and associations.

3.3.3 Year 3 / Progressive / Scope: System of Production
All miners included in the FAIRMINED System of Production must benefit from a social security scheme covering health and pension and occupational risk insurance.

Applies if in a particular country a public social security scheme is available for artisanal miners and properly functioning. If social security is obligatory by law, this requirement applies from year 0.

3.3.4 Year 3 / Progressive / Scope: System of Production
In case of death of a miner, reparation will be given to the widow or widower and to heirs, if there were any.

This applies only for workers who are not covered by an appropriate pension scheme and occupational risks insurance, as stipulated by national laws.

3.4 Conditions of employment

Intent
The STANDARD follows ILO Conventions 100 (Equal Remuneration)
Profit and risk sharing agreements between employers and workers are frequent in ASM, under which workers are offered a certain share of the gold production. Depending on the more or less unpredictable characteristics (grade) of the mineral deposit actually extracted, such agreements may be anything between disadvantageous and extremely favorable for workers. Among other causes, this is one of the reasons for large fluctuations in ASM workers, who are in permanent quest for working in the most profitable workgroup under a short-term perspective.

FAIRMINED recognizes that the ASM sector involves self-employed workers who have a diversified livelihood and who do not work on ASM full-time.

The STANDARD aims to make permanent and stable work more attractive, in mutual benefit of employers (stable workforce) and workers (stable workplace with social benefits).

For that purpose all hired workers shall enjoy fair conditions of employment. Any employer is expected to pay wages in line with or exceeding national laws and agreements on minimum wages or the regional average. The STANDARD also aims to ensure that profit sharing agreements and payments in kind are timely, transparent and fair.

### 3.4.1 Year 0 / Entry / Scope: System of Production

Conditions of employment and salaries for hired workers must be equal to or exceed the sector national average wages or official minimum wages for similar occupations, whichever is higher. Any employer in the scope of a FAIRMINED System of Production must specify wages for all functions.

Average income under profit sharing agreements (where applicable) must not be disadvantageous in comparison to fixed salaries.

### 3.4.2 Year 0 / Entry / Scope: System of Production

Payment must be made regularly and in a timely manner, either in legal tender or "in kind" (ore or gold) as agreed upon and properly documented.

Payment in the form of vouchers, coupons or promissory notes is prohibited.

### 3.4.3 Year 0 / Entry / Scope: System of Production

Deductions from salaries of hired workers are only permitted as agreed by national laws, as fixed by a Collective Bargaining Agreement or if the employee has given his/her written consent.

### 3.4.4 Year 0 / Entry / Scope: System of Production

Sick leave, annual leave, maternity leave, social security provisions and non-monetary benefits for hired workers must at least be equal to national law, the sector Collective Bargaining Agreement regulations where they exist or the agreement signed between the workers' organization and the employer, whichever is higher.

### 3.4.5 Year 0 / Entry / Scope: System of Production

Working hours and overtime must comply with applicable law and industry standards. Hired workers must not be required to work in excess of 48 hours per week as normal working hours.

### 3.4.6 Year 0 / Entry / Scope: System of Production

Overtime shall be voluntary and shall not exceed 12 hours per week for hired workers, unless exceptional circumstances apply. It cannot be required on a regular basis and shall always be compensated at a premium rate.

The workers' organization (not the individual worker) and the employer may sign an agreement for other standard working times if deemed in the mutual interest of both parties, so long as it is allowed by the legislation and is reasonable and fair for the miner.

### 3.4.7 Year 0 / Entry / Scope: System of Production
Workers must have at least 24 consecutive hours of rest every 7 days, unless exceptional circumstances apply. Eventual exceptions must be in line with the legislation for mining industry. Exceptions cannot be claimed on a regular basis. The workers’ organization (not the individual worker) and the employer may sign an agreement for other standard working times if deemed in the mutual interest of both parties so long as it is allowed by the legislation and is reasonable and fair for the miner.

### 3.4.8 Year 0 / Entry / Scope: System of Production

Annual leave, not including sick and casual leave, must be at least 2 paid weeks per year for hired workers.

### 3.4.9 Year 0 / Entry / Scope: System of Production

All hired workers must have a legally binding contract.

### 3.4.10 Year 0 / Entry / Scope: System of Production

If the ASMO or employers in its scope contract a third party for hiring workers, then this party must be included in the ASMO scope and must comply with all FAIRMINED requirements.

### 3.4.11 Year 3 / Progressive / Scope: System of Production

Permanent self-employed miners who have been working for over 3 months in a FAIRMINED System of Production must have in place a fair and transparent profit-sharing agreement with the owner.

*Agreements are considered "fair" if the majority of self-employed workers express their preference of a profit sharing agreement over a contract of employment.*

### 3.4.12 Year 3 / Progressive / Scope: System of Production

Salaries must be gradually increased to ‘living wage’ levels above the official minimum.

### 3.4.13 Year 3 / Progressive / Scope: System of Production

Local, migrant, seasonal and permanent workers must receive equivalent benefits and employment conditions for equal work performed.

### 3.4.14 Year 3 / Progressive / Scope: System of Production

If the workers are provided with housing, the conditions and the infrastructure of the house must be such as to ensure decency, privacy and security. Housing must be provided at reasonable costs. However, the miners are not obliged to use the employer’s housing.

*Decent means hygienic and healthy (dry, access to daylight, ventilations), with an acceptable number of sanitary facilities and toilets, access to showers and to clean drinking water, respectful of local culture and conditions and equipped with fire safety equipment if feasible. Access to and from the housing area is free for workers and their visitors and only restricted through appropriate safety measures of the employers. If there are restrictions the ASMO must demonstrate that they are not discriminatory and in line with the principles of freedom of labor (no forced labor).*

### 3.4.15 Year 6 / Progressive / Scope: System of Production

All regular work must be undertaken by permanent workers.

### 3.5 Freedom of Labor

**Intent**

FAIRMINED follows ILO Conventions 29 ( Forced Labor), where Freedom from forced labor implies that workers have the right to enter into employment voluntarily and freely, without threat of
penalty, and that they are free to terminate employments at any time without penalty. It also follows ILO C105 (Abolition of Forced Labor) regarding forced labor. Forced or bonded labor must not take place. This can take the form of worker debt schemes involving the miner his and the organization or intermediaries; retention of due payment, identity documents or other personal effects of value; or working under threat.

3.5.1 Year 0 / Entry / Scope: ASMO
Forced labor, including bonded or involuntary prison labor, must not occur.

3.5.2 Year 0 / Entry / Scope: ASMO
Debt and/or confiscation of identity documents or other personal effects that limit the freedom of movement must not occur.

3.5.3 Year 0 / Entry / Scope: ASMO
Employment of a worker must not be conditioned by employment of their spouse. Spouses have the right to work elsewhere.

3.6 Child Protection and Elimination of Child Labor

Intent
FAIRMINED follows ILO Conventions 138 (Minimum Age) and 182 (Worst Forms of Child Labor) regarding minimum age for employment and elimination of Worst Forms of Child Labor. In many cases national laws have determined ages above 15 as minimum employment age, and prohibition of youths under 18 to perform mining tasks and in particular underground or dangerous work. The ASMO assumes responsibilities for the surrounding community in the areas of child protection and wellbeing of children and families as a 3rd Level of responsibility (according to 1.3.4)

The STANDARD also follows the Guiding principles on the UN Convention on the Rights of the Child, as found in Articles 2, 3, 6 and 12, where the States have the responsibility to ensure non-discrimination of children, best interests of the child, survival and development and the right to the child’s opinion.

The standard explicitly prohibits all WFCL and encourages ASMOs to take immediate and effective measures to eliminate them. Catering for young children from 0-6 (babies and toddlers) is often tied to the lack of child-care facilities in the community. The ASMO must therefore ensure that proper child caring facilities are provided to working and breast-feeding mothers as a progressive requirement, and should be included in the FAIRMINED Development Priorities Plan where women work in the mining area of the ASMO. Children between 7-14 years are not allowed to work inside the mining area of the ASMO, and they must attend school (where feasible).

Older children, between 15-18, who are living in child headed household and who seek subsistence in ASM areas, are a particularly controversial case. The decision between refusing their admittance as a subsistence opportunity and consciously accepting child labor can be a serious dilemma for an ASMO. If children, who are living in child headed households and/or outside family or guardian care, are detected in child labor in the mining area of the ASMO, the guiding principles of the UNCRC must be used to ensure well-being and safety for the impacted children.

If these children (15-18) are detected in the worst forms of child labor, they must be immediately withdrawn and safe alternative income generation opportunities must be found, including flexible schooling if they are below the age of 15 years (or higher as determined by national legislation).

The ASMO must undertake child protection training, have a system wide Child Protection Policy and Procedure and engage in community-based monitoring and remediation on child labor.

The requirements of this section apply as Entry requirements to FAIRMINED Systems of
| 3.6.1 | Year 0 / Entry / Scope: System of Production  
Year 3 / Progressive / Scope: ASMO  
Minimum **contracted employment** age must not be less than 15, or existing national law for the mining sector, if this age were older.  
After 3 years the requirement becomes applicable for the entire mining area of the ASMO.  
*Allows for non-hazardous work only.*  
| 3.6.2 | Year 0 / Entry / Scope: ASMO  
Persons under 18 years of age must not be **employed or contracted** for any type of hazardous child labor, which, by its nature or the circumstances under which it is carried out, is likely to jeopardize their health, safety or morals.  
*A detailed list of actions considered “hazardous child labor” does not exist. This standard follows the ILO Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor of 1999 and defines the concept as “work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children”, it is “work in dangerous or unhealthy conditions that could result in a child being killed, or injured and/or made ill as a consequence of poor safety and health standards and working arrangements. Some injuries or ill health may result in permanent disability.”*  
| 3.6.3 | Year 0 / Entry / Scope: System of Production  
Year 3 / Progressive / Scope: ASMO  
Persons under 18 years of age who participate in **family work** must not execute tasks that are especially dangerous for them, such as subsoil and underwater activities, heavy loads, the use of toxic substances and night time shifts, extended shifts, or shifts prior to school schedule.  
After 3 years the requirement becomes applicable for the entire ASMO  
| 3.6.4 | Year 0 / Entry / Scope: ASMO  
Work performed by persons under 18 years of age must not jeopardize schooling or the social, moral or physical development of the adolescent.  
| 3.6.5 | Year 0 / Entry / Scope: System of Production /Exceptional  
Year 3 / Progressive / Scope: ASMO /Exceptional  
In case of systemic presence of child headed households where mining is a crucial family income obtained by older children, the guiding principles of the UNCRC must be used by the ASMO to ensure well-being and safety for the impacted children. Upon granted exception (for 3 years duration) by the certification body, a youth employment program must be established that (1) ensures access to educational, developmental, vocational, economic and social opportunities, and (2) protects working children from hazards in the workplace.  
After 3 years, the need for continuation of the youth employment program has to be reassessed, and in case of continuation, the youth employment program must cover all child headed households in the scope of the entire ASMO  
*Prior to employing such youths, the ASMO must request an exception from the certification body. The request letter has to be sustained by a recommendation of a) the local ARM support team or relevant NGO working in the area, and b) local village authorities.*  
| 3.6.6 | Year 3 / Progressive / Scope: Community  
In areas of prevalence of child labor the ASMO must include activities for child protection and the elimination of worst forms of child labor in the surrounding community in its **FAIRMINED**
### Development Priorities Plan

*The ASMO must undertake child protection training, have a system wide Child Protection Policy and Procedure and engage with local authorities and other groups, in community based monitoring and remediation on child labor.*

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<tr>
<th>3.6.7</th>
<th>Year 6 / Progressive / Scope: ASMO</th>
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<tbody>
<tr>
<td>Where applicable, decent youth employment opportunities must be enabled, that do not represent a danger for their health, safety and schooling, and undertake actions to help adolescents who work within its mining area to have access to technical training, including responsible mining practices.</td>
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### 3.7 Freedom from Discrimination

#### Intent

FAIRMINED follows ILO Conventions 100 (Equal Remuneration) and 111 (Discrimination – Employment and Occupation) against worker discrimination. It rejects “any distinction, exclusion or preference based on race, color, sex, religion, political opinion, national ascendancy or social origin that alters equal opportunity or treatment in employment and occupation” (Art. 1).

The objective of this requirement seeks to protect people who are vulnerable due to their physical, cultural, social or economic characteristics, especially women miners, disabled or ill persons, HIV-AIDS orphans, migrant workers, persons displaced by conflict or ex-combatants seeking a new beginning.

Women miners’ organizations, indigenous miners’ organizations or similar organizations where a common characteristic determines common development goals are not considered discriminatory.

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<tr>
<th>3.7.1</th>
<th>Year 0 / Entry / Scope: ASMO</th>
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<tbody>
<tr>
<td>Discrimination must not occur, neither on the basis of race, color, gender, sexual orientation, disability, marital status, age, religion, political opinion, membership of unions or other workers’ representative bodies, national or social origin, in terms of recruitment, promotion, access to training, remuneration, allocation of work, termination of employment, retirement nor any other personal characteristics or activities unless this is consistent with the ASMO’s goals and objectives (for example women’s or indigenous peoples’ organizations).</td>
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<th>3.7.2</th>
<th>Year 0 / Entry / Scope: ASMO</th>
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<tr>
<td>Miners must not engage in, support or tolerate the use of corporal punishment, mental or physical coercion or verbal abuse.</td>
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<tr>
<th>3.7.3</th>
<th>Year 0 / Entry / Scope: ASMO</th>
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<tr>
<td>Miners must not engage in, support or tolerate behavior, including gestures, language, and physical contact, that is sexually intimidating, abusive or exploitative.</td>
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<th>3.7.4</th>
<th>Year 3 / Progressive / Scope: System of Production</th>
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<tr>
<td>Year 6 / Progressive / Scope: ASMO</td>
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<tr>
<td>Disadvantaged or handicapped individuals must be granted equal opportunities in recognition of their specific capabilities and needs.</td>
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<th>3.7.5</th>
<th>Year 6 / Progressive / Scope: ASMO</th>
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</table>
| The ASMO and its miners provide support to all pregnant and breast-feeding women miners in the ASMO’s mining area (self-employed women, women mineral selectors, or hired women miners), so that they can pass to lighter, non-dangerous work, and they make their best possible efforts to work with local authorities to ensure that the ASMO’s women miners may access health services, childcare facilities where they can breastfeed their infants and receive benefits of
social security where applicable.

### 3.8 Freedom of Association & Collective Bargaining

**Intent**

There tends to be more hired workers, as opposed to self-employed workers in ASM, as the level of mechanization of an ASMO increases. A typical ASM operation may have a combination of family production units, self-employed miners, small- and micro-enterprises, hired workers and remunerated workers.

The STANDARD follows ILO Conventions 87 (Freedom of Association and Protection of the Right to Organize) and 98 (Right to Organize and Collective Bargaining) regarding trade union freedom and collective negotiation, and also ILO C454 regarding the freedom to form Unions (or not). Workers and employees should have the right to establish trade unions in organizations and participate in their election, to formulate their statutes, to elect their representatives and to formulate their programs. Workers should have adequate protection against any act of discrimination aimed at diminishing trade union freedom in relation with their employment.

The intent of this section is to protect the labor rights of hired workers within the FAIRMINED System of Production, and to offer guarantees for organization of workers and social dialogue between employers/owners and diggers/workers/self-employed miners inside the ASMO. Neither an ASMO nor employers within its scope are obligated to unionize their workers, however, social dialogue must be ensured.

**National law often specifies the number of workers for which unionizing is legally permitted. If an ASMO or its miners employ at least the number of workers needed to be legally unionized then chapter 3.8 of the STANDARD applies.**

<table>
<thead>
<tr>
<th>3.8.1 Year 0 / Entry / Scope: System of Production</th>
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<tbody>
<tr>
<td>All employers must recognize in writing and in practice the right of all workers to organize and to join workers’ organizations of their own choice and to collectively negotiate their working conditions.</td>
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<tr>
<th>3.8.2 Year 0 / Entry / Scope: System of Production</th>
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<tr>
<td>All employers must allow trade union organizers to meet with all of the workers, and allow workers to hold meetings and organize themselves without the interference of management.</td>
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<tr>
<th>3.8.3 Year 0 / Entry / Scope: System of Production</th>
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<tr>
<td>All employers must ensure that neither workers nor their representatives are discriminated against or suffer any other repercussions for freely exercising their right to organize or because of their decision whether or not to join a workers’ organization and/or participate in its legal activities.</td>
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_Employers will abstain from acts which are designed or have the objective of placing employee organizations under their control_

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<tr>
<th>3.8.4 Year 3 / Progressive / Scope: ASMO</th>
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<tr>
<td>Social dialogue and representation, organization and participation of workers shall be improved through training activities for workers and employers in the ASMO’s mining area. The ASMO’s management shall provide adequate resources for this to take place.</td>
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</table>

_Training and improvement activities funded by the employers will in no way be designed to control or put under the employers control employee organizations._

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<tr>
<th>3.8.5 Year 3 / Progressive / Scope: ASMO</th>
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<tbody>
<tr>
<td>All workers shall enjoy the freedom to democratically elect representatives (as individuals or in the form of an organization of their choice) to defend their rights and negotiate their interests</td>
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Employers will abstain from influencing in any way employees’ election process.

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<tr>
<th>4. FAIRMINED Premium Governance and Development Plan</th>
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<td><strong>Intent</strong></td>
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<tr>
<td>The FAIRMINED Premium and the FAIRMINED Ecological Premium represent an extra amount of money paid by the buyer in addition to the payment for products originating from the ASMO’s certified FAIRMINED System of Production (volumes and the origin to be controlled through the ASMO’s Internal Control System).</td>
</tr>
<tr>
<td>The FAIRMINED Premium is a tool for development supporting the ASMO and the ASM community to realize their development objectives as laid down in the Development Plan of the ASMO’s Premium Committee. In the context of ASMOs, it is meant for long-term investment in the social, economic and environmentally sustainable development of the miners included in the FAIRMINED System of Production, the ASMO overall, and through them, their families, workers and the surrounding community.</td>
</tr>
<tr>
<td>The ASMO’s Premium Committee represents all social groups involved in the ASMO’s FAIRMINED System of Production, including women miners, and may invite representatives of other local social groups. The Premium Committee sets the priorities for the use of the FAIRMINED Premium by elaborating a FAIRMINED Development Priorities Plan.</td>
</tr>
<tr>
<td>The FAIRMINED Development Priorities Plan is democratically approved by the Premium Committee and proposed to the ASMO for adoption.</td>
</tr>
<tr>
<td>The ASMO approves and adopts the FAIRMINED Development Priorities Plan and assumes the legal responsibility over its implementation through a detailed FAIRMINED Premium Investment Plan.</td>
</tr>
<tr>
<td>The ASMO has the commitment and capacity to administer the FAIRMINED Premium in a way that is transparent for the beneficiaries. The ASMO proactively communicates to the community on the use and governance of the FAIRMINED premium.</td>
</tr>
<tr>
<td>The intent that informs decisions regarding premium investment is directly related with the 1st, 2nd and 3rd level of responsibilities of the ASMO, which must be supported by a needs assessment.</td>
</tr>
<tr>
<td>Procedures relating to governance, representation, accountability, transparency, roles and responsibilities for handling the FAIRMINED Premium are set out in more detail in a separate Explanatory Document.</td>
</tr>
<tr>
<td>The FAIRMINED Development Priorities Plan is a strategic planning instrument, while the FAIRMINED Premium Investment Plan is the corresponding detailed financial planning instrument for implementing the Development Priorities Plan. Both plans are closely related.</td>
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<tr>
<th>4.1.1 Year 0 / Entry / Scope: ASMO</th>
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<tr>
<td>The ASMO must propose and publicly communicate the initial composition and initial Internal Rules for the Premium Committee.</td>
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<tr>
<th>4.1.2 Year 0 / Entry /Scope: ASMO</th>
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<tbody>
<tr>
<td>The Internal Rules of the Premium Committee must not discriminate and must define a democratic decision making process, taking into consideration the fair representation of all social groups in the scope of the ASMO’s FAIRMINED System of Production, and, optionally, representatives of local community authorities and other local social groups. The ASMO must seek to include a fair representation of women in the Premium Committee.</td>
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<tr>
<th>4.1.3 Year 1 / Progressive / Scope: ASMO</th>
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<th>Year 1 / Progressive / Scope: ASMO</th>
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<tbody>
<tr>
<td>The ASMO must organize an assembly to discuss and approve the Internal Rules of the Premium Committee with all miners registered in the FAIRMINED System of Production, ASMO management, and optionally delegates of disadvantaged groups in the ASMO’s mining area, and local community authorities.</td>
</tr>
<tr>
<td>The ASMO must record the constitutional assembly of the FAIRMINED Premium Committee and make an official record of the decision.</td>
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### 4.1.4

**Year 1 / Progressive / Scope: ASMO**

Within one year of certification the Premium Committee in cooperation with the ASMO must carry out a ‘needs assessment’ about how the FAIRMINED Premium can help to promote the environmentally, social and economic sustainable development of the FAIRMINED System of Production, the ASMO, and the community.

### 4.1.5

**Year 1 / Progressive / Scope: ASMO**

The Premium Committee must decide on priorities for the use of the FAIRMINED Premium, based on the evaluation of the needs assessment, and propose the FAIRMINED Development Priorities Plan to the ASMO for adoption.

### 4.1.6

**Year 1 / Progressive / Scope: ASMO**

The FAIRMINED Development Priorities Plan must include:

- **Description of the activity (what you plan to do)**
- **Objective of the activity (why you plan to do it)**
- **Timeline of the activity (by when you plan to do it)**
- **Responsibilities (who will be in charge of doing it)**
- **Estimated budget for each activity in case the activity requires funds (how much it will cost)**

### 4.1.7

**Year 1 / Progressive / Scope: ASMO**

The ASMO must

- Analyze whether the FAIRMINED Development Priorities Plan is aligned with the needs assessment,
- Make justified adjustments in documented consensus with the Premium Committee, (if applicable)
- Adopt the FAIRMINED Development Priorities Plan,
- Assume the responsibility for the execution of the FAIRMINED Development Priorities Plan by elaborating and implementing a detailed FAIRMINED Premium Investment Plan.

### 4.1.8

**Year 1 / Progressive / Scope: ASMO**

The ASMO must document, report to the Premium Committee every year, inform key stakeholders (miners in its mining area, ARM and local authorities) and publicly communicate the results of the implementation of the FAIRMINED Development Priorities Plan and the FAIRMINED Premium Investment Plan.

In the report the ASMO must address the following questions:

- Were the actions carried out yes/no? If not, why?
- When?
- At what cost?
- Was the objective achieved or is further actions needed?

### 4.1.9

**Year 1 / Progressive / Scope: ASMO**

The ASMO must have an accounting system in place for the FAIRMINED Premium Investment Plan in order to manage the Premium transparently.
5. Trading Relationships

Intent

This Chapter of the STANDARD sets the rules for:

- Trading relationships and contracts
- Traceability rules for operators who trade or transform the metals between the ASMO/FAIRMINED System of Production and the buyer of the metal/payee of the premium,
- FAIRMINED Minimum Prices and Premiums,
- Transport, trading of tradable intermediate products including any form of enrichment and refining, and blending (creation of alloys), and
- Down payments

The core FAIRMINED Standard covers production and processing up to the point where the metal leaves the hands of the ASMO. For this reason, the FAIRMINED System aims at full physical traceability by all operators from mine to the first authorized buyer (with exceptions justified in the standard).

Downstream from the first authorized buyer, and once the gold has been refined to fine gold, the FAIRMINED System offers physical supply models for different markets, such as the “FAIRMINED Incorporated” model which adapts flexibly to a wide range of business models and the “FAIRMINED Labeled” model, which extends physical traceability (“track and trace”) under strict FAIRMINED-defined composition rules to the final consumer. Both models have in common that the FAIRMINED certification scheme delivers pure FAIRMINED Gold as a fully standard compliant, traceable and certified product of highest ethical quality, contributing to the development of responsible artisanal miners and their communities.

Additionally, the FAIRMINED System offers "FAIRMINED Certificates" for ASMOs that are not able to or do not want to sell into the physical FAIRMINED supply chain and/or for markets that do not aspire to physically incorporate FAIRMINED Gold into their supply chain, but wish to contribute to the development of responsible artisanal miners and their communities. FAIRMINED Certificates are a "book and claim" scheme for FAIRMINED certified gold that has been sold physically traceable by the ASMO to a legal buyer.

Detailed requirements of the FAIRMINED market models are specified in the FAIRMINED Market Annex.

Subchapters 5.1 - 5.5 are applicable to FAIRMINED physical supply models (Incorporated and Labeled)

5.1 Buying from Certified Producers

Intent

ASMOs wishing to become FAIRMINED certified must make significant efforts to achieve the entry requirements of the STANDARD. Once certified, the ASMO is responsible for the management, governance, and accountability of the FAIRMINED Premium and continuous improvement to maintain certification.

Through its Internal Control System (ICS), the ASMO is also responsible for ensuring that only gold originating from the ASMO’s FAIRMINED System of Production is sold as FAIRMINED Gold. Selling through the ASMO or directly by miners included in its FAIRMINED System of Production allows obtaining a fair price for gold produced, based on correct determination of weight and purity. Therefore, the system has to maintain full physical traceability, ensuring that nobody
takes advantage of the efforts of others for personal gain, and eliminating those middlemen who do not add value.

Licensees and Operators in the Supply Chain downstream from the First authorized buyer of the metal please refer to FAIRMINED Market Annex for further guidance on the available market channels for FAIRMINED Gold, traceability and composition rules thereof.

5.1.1 Year 0 / Entry / Scope: System of Production

All FAIRMINED Gold must be produced by the FAIRMINED System of Production of the certified ASMO.

5.1.2 Year 0 / Entry / Scope: ASMO & First authorized buyer

The ASMO or miners included in its FAIRMINED System of Production may sell certified gold to buyers.

- Buyers must provide the ASMO with a report of all transactions with individual miners from its FAIRMINED System of Production.
- Miners of the FAIRMINED System of Production selling certified gold individually must provide the ASMO with a report of all transactions.

The ASMO must consolidate all transactions of certified gold in its Internal Control System (ICS).

Reports of FAIRMINED transactions with individual miners registered within FAIRMINED System of Production submitted by authorized buyers to the ASMO must enable the ASMO to consolidate and control gold volumes in its Internal Control System and to record Premium monies received.

Reports shall also be submitted to ARM’s information system by the first authorized buyer for each trade as soon as final payments are made, and must include:

1. Date of transaction
2. Volume of gold bought
3. Price paid for the gold
4. Amount of Premium paid
5. Financial costs and taxes deducted to the seller on the premium must be clearly reported in order to justify deductions at time of premium accountability by the ASMO

Where the buyer is an official governmental agency, and particularly where this agency has the legal mandate and/or monopoly of gold commercialization, ARM will assess the national legal framework and publish country-specific STANDARD requirements.

5.1.3 Year 0 / Entry / Scope: FAIRMINED Operators

All operators must be legal under the governing national law.

Proof of legal status shall be given at application by presenting a copy of the valid business license.

5.1.4 Year 0 / Entry / Scope: FAIRMINED Operators

All operators must be authorized according to ARM’s terms and conditions, and will be subject to auditing in order to assess compliance with this STANDARD.

5.1.5 Year 0 / Entry / Scope: FAIRMINED Operators

All operators must designate one official contact for FAIRMINED-related matters.

5.2 Pricing and Premium

Intent

Pricing: The cost of extracting one ton of mineral is not related to its gold content. Costs to extract one ton of mineral (that contains enough gold in it to be economically mined) and costs to extract one ton of waste rock (with not enough gold in it) are the same. By adjusting the cut-
off grade, price fluctuations do not directly affect the miner’s revenues and income, but rather the mineable reserves of the mineral deposit. Consequently determining a cost of sustainable production is not feasible, and the FAIRMINED Minimum Price (FMP) is set differently to the practice commonly used for fairly traded agricultural products. The FMP is set based on the London Bullion Market Association (LBMA) fixing for gold (Au) and silver (Ag) and the London Platinum and Palladium Market (LPPM) for platinum (Pt.). Furthermore, in the very competitive, demand driven gold market, ASMOs and miners registered within its FAIRMINED System of Production will inherently only sell to FAIRMINED buyers if the price offered is better than that offered at conventional markets. This also applies to the internal supply chain of the ASMO’s FAIRMINED System of Production: individual miners will only sell their gold through the ASMO if it offers a better price compared to prices offered in local gold market.

**FAIRMINED Premium**: FAIRMINED Gold complies with ARM’s Vision for Responsible Mining and is aimed at promoting sustainable development in artisanal mining communities. The FAIRMINED Premium is as such not only intended as a “reward” for compliance with responsible mining practices, but also as a vehicle to deliver to the ASMO the necessary funds to make development happen.

Responsible mining is also a vision of artisanal mining without environmental contamination and with full ecological restoration. For this purpose the STANDARD requires full physical traceability from mine to final consumer for “Ecological Gold”. The production of Ecological Gold is to some extent comparable to “organic” agricultural products, but as gold is an inorganic element of the earth’s crust, this term cannot be applied. According to the exceptional character of Ecological Gold this gold deserves to be treated in a special way throughout the entire supply chain down to the final customer. As the production of Ecological Gold requires additional voluntary efforts from the ASMO, these efforts are compensated through an additional Ecological Premium.

**5.2.1 Year 0 / Entry / Scope: First authorized buyer & ASMO or System of Production**

The price must be based on the LBMA fixing for gold and silver or the LPPM price for platinum and be higher than (or at least equal to) 95% of the LBMA fix or LPPM price for the pure content, FOB export point.

**5.2.2 Year 0 / Entry / Scope: First authorized buyer & ASMO or System of Production**

Price payments must be made in whole to the ASMO or to the miners included within its FAIRMINED System of Production, whoever sells the gold to the buyer.

**5.2.3 Year 0 / Entry / Scope: First authorized buyer & ASMO or System of Production**

The first price down payment (based on the least expected fine gold content before assay) must be made not later than the next business day after confirmed receipt by a customs agent, obtained customs clearance or approved logistics operator/export agent as agreed upon in the buying contract.

The final payment and FAIRMINED Premium payment must be made no later than the next business day after all elements (price, assay results) have been verified by the parties and the final invoice and all required documentation have been emitted.

Different terms of payment may be mutually agreed in contracts.

**5.2.4 Year 0 / Entry / Scope: ASMO or System of Production**

If the ASMO or miners included in its FAIRMINED System of Production have no trade function or export permit, then they may contract a third party operator as service provider (which can be a local trader) to implement and administrate all corresponding trade, export and traceability-related requirements on the ASMO’s behalf and under the ASMO’s responsibility.

*This service provider has to comply with all traceability and reporting requirements of the ASMO and is subject to audits.*
5.2.5 Year 0 / Entry / Scope: First authorized buyer & ASMO or System of Production
In addition to the price, buyers shall pay the FAIRMINED Premium. The FAIRMINED Premium is set at:

- 4,000 USD per kilogram of FAIRMINED Gold,
- 100 USD per kilogram of FAIRMINED Silver and
- 4,000 USD per kilogram of FAIRMINED Platinum

*ARM reserves the right to change the level of the Premium; any such change will be subject to negotiation between representatives of FAIRMINED miners and the market.*

*Exceptionally, for binding commitments of a (one) licensee to source volumes exceeding 20 kg/year (cumulative), the FAIRMINED Premium may be subject to negotiated mutual agreement between the parties (ASMOs and licensee). Any such negotiation needs to involve ARM, in order to ensure that the negotiation outcome is in line with the Intent of the Standard; all relevant supply chain operators, in order to ensure viability of transactions; and the Certification Body/ies in order to ensure specific audit procedures in line with the negotiated mutual agreement.*

5.2.6 Year 0 / Entry / Scope: First authorized buyer & ASMO or System of Production
In addition to the price, buyers shall pay an Ecological Premium on top of the FAIRMINED Premium, if gold carries such a label. The Ecological Premium is set at:

- 2,000 USD per kilogram of FAIRMINED Gold
- 50 USD per kilogram of FAIRMINED Silver and
- 2,000 USD per kilogram of FAIRMINED Platinum

*ARM reserves the right to change the level of the Premium; any such change will be subject to negotiation between representatives of FAIRMINED miners and the market.*

5.2.7 Year 0 / Entry / Scope: FAIRMINED operator & ASMO or System of Production
If the ASMO or miners included in its FAIRMINED System of Production have no trade function or export permit, the contracted trader or exporter (see 5.2.4) acts as pro-bono intermediary for Premium payments.

5.2.8 Year 0 / Entry / Scope: First authorized buyer & ASMO or System of Production
Premium payments (FAIRMINED Premium; Ecological Premium where applicable) are made in whole to the ASMO, which sells the gold to the buyer. If miners of the FAIRMINED System of Production sell the FAIRMINED Gold directly, the Premium payment must be made separately to the ASMO.

5.2.9 Year 0 / Entry / Scope: First authorized buyer & ASMO or System of Production
Transportation and insurance costs from the point of export shall be charged to the importer (buyer), unless the ASMO (or the miners included in a FAIRMINED System of Production) and the importer choose to agree on other arrangements that are not detrimental to the miners.

5.2.10 Year 0 / Entry / Scope: FAIRMINED operators
All transactions of FAIRMINED certified metals must be registered in ARM's FAIRMINED Information System for "flow of goods reporting" and auditing purposes.

5.2.11 Year 0/ Entry / Scope: First authorized buyer
The first buyer shall pay ARM a "FAIRMINED Development Fee" per kilogram of FAIRMINED Gold bought, according to the fee table published by ARM and communicated to certified producers and operators.

*Enabling favorable conditions for more ASMOs to formalize and access ethical markets requires substantial investment in systems, standards, advocacy, market work, networks, training, and capacity building of trainers, and supply chain monitoring.*
The FAIRMINED Development Fee contributes to the sustainability of fair production and trade of FAIRMINED Gold, enabling ARM and its partners to further invest and continuously improve the system.

The fee table will be published 3 months prior to the new calendar year, for which the fee is applicable.

ARM Licensees who work with FAIRMINED Gold for which the Development Fee has been paid, are granted use of the FAIRMINED Label without payment of additional FAIRMINED License Fees.

5.3 Trading Relationships and Contracts

Intent
Trading in gold is a matter of trust. Long-term relationships between producers and buyers/Premium payees under clear rules and openly exchanged sourcing plans and production plans allow the building of these mutual trust relationships and enable the ASMO to become involved in long-term improvements of their operations.

Contracts between the ASMO or miners included in its FAIRMINED System of Production and buyers translate this trust and set the framework for FAIRMINED trade operations. It is important that the contractual obligations are mutually agreed upon, well documented and clearly understood by the contracting parties.

5.3.1 Year 0 / Entry / Scope: ASMO or System of Production & First authorized buyer

There exist clear written agreements (paper or electronic copy) for all FAIRMINED transactions with all involved parties at all stages of mining, processing and trading. The ASMO (or miners registered within its FAIRMINED System of Production) and the buyer must define the gold content determination and arbitration procedures in the purchase contract, in line with existing practices in the sector.

All involved parties undersign respective agreements that guarantee the required transparency and traceability for every FAIRMINED transaction

5.3.2 Year 0 / Entry / Scope: ASMO or System of Production & First authorized buyer

The ASMO (or miners included in its FAIRMINED System of Production) and the buyer must draw up a contract for each FAIRMINED transaction. The contract must include at least the following elements:

- Minimum and maximum volumes,
- Quality specifications,
- Price and payment conditions,
- Delivery conditions (times and place),
- Any agreements on down-payments (see below)

The involved parties agree whether the price is based on the AM or PM LBMA Fixing time and date.

5.3.3 Year 0 / Entry / Scope: ASMO or System of Production & First authorized buyer

Where notice of an ASMO’s or buyer’s suspension is made, contracts signed before the date of such notice will only be recognized as representing certified products for a maximum period of six months.

ARM shall maintain a list of all such suspensions and keep ASMOs, operators and licensees informed through the FAIRMINED Information System. All operators and ASMOs may consult ARM at any time to ensure the status of potential business partners.

5.3.4 Year 0 / Entry / Scope: All FAIRMINED operators along the supply chain
Operators must not purchase products from, or sell products to, decertified operators for sale as certified products from the date of their decertification. All contracts that have been delivered to the buyer shall be accepted. Contracts that have not yet been delivered shall not be classified as FAIRMINED contracts.

5.3.5 Year 0 / Entry / Scope: ASMO or System of Production & First authorized buyer

Buyers must not offer to buy certified products from a producer on the condition that the producer sells a quantity of non-certified product under terms that are distinctly disadvantageous to the producer.

5.3.6 Year 3 / Progressive / Scope: First authorized buyer

After three years of establishing a business relationship with an ASMO, a buyer shall provide his/her business partners and ARM with an indicative Annual Sourcing Plan specifying the volumes of FAIRMINED Gold expected to be bought from each ASMO.

*Indicative means the estimated volumes to be purchased by a specific buyer to an ASMO over the course of the following year. This indication enables the ASMO to engage actively with the buyer in order to plan investments and eventual down payments required to deliver the volumes estimated. On the basis of mutual trust and direct communications the indicative sourcing plans may be adjusted if necessary.*

5.3.7 Year 3 / Progressive / Scope: ASMO

After three years of establishing a business relationship with a buyer, ASMO shall provide its business partners and ARM with its indicative Annual Production Plan of FAIRMINED Gold.

*Indicative means the estimated volumes to be produced by a specific ASMO over the course of the following year. This indication enables the buyer to engage actively with the ASMO in order to plan investments and eventual down payments required to deliver the volumes estimated. On the basis of mutual trust and direct communications the indicative sourcing plans may be adjusted if necessary.*

5.4 **Down payment**

**Intent**

The lack of ready cash is often an impediment for ASMOs to extend its purchase capacity to all the certified gold that its FAIRMINED System of Production produces. As a consequence, gold that could be sold as FAIRMINED Gold may end up being sold to the usual local markets (gold shops) because the miner needs to sell daily. In addition, local traders often play the role of financing the miners and lending money for equipment, supplies or even family emergencies. Therefore, down payments can play a key role in ensuring that the miners included in ASMO’s FAIRMINED System of Production can gain a level of autonomy and break away from a form of historic dependence or “economic slavery”.

5.4.1 Year 0 / Entry / Scope: ASMO or System of Production & First authorized buyer

For new trading relationships, a trial period may be agreed upon between buyers and the ASMO or miners included in its FAIRMINED System of Production. This trial period must not exceed two consignments, or one year if less than two transactions have been made.

5.4.2 Year 0 / Entry / Scope: ASMO or System of Production & First authorized buyer

During the trial period, and on the condition that all terms arranged on the first consignments were fulfilled, buyers are encouraged, but not obliged, to provide a down payment to the ASMO or miners included in its FAIRMINED System of Production for each consignment.

5.4.3 Year 0 / Entry / Scope: ASMO

The ASMO or miners included in its FAIRMINED System of Production must have a transparent
mechanism for the management of down payment funds.

*This means that at the least:*
- All down-payments are made through bank accounts
- An accounting system is in place to ensure that down payment is only used for the purpose requested

*The ASMO, or miners registered within its FAIRMINED System of Production, agrees in writing that in case of disputes, the use of down payment funds is subject to a financial audit.*

<table>
<thead>
<tr>
<th>5.4.4</th>
<th>Year 0 / Entry / Scope: ASMO or System of Production &amp; First authorized buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial charges on down payments must not exceed the bank lending rate for businesses in good standing in the buyers’ home country, plus credit insurance costs, plus administrative cost of 1% p.a.</td>
<td></td>
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<tr>
<td><em>The buyer should not lower the final agreed price on the basis of giving a down payment. Financial costs of down payments shall be transparently agreed and disclosed.</em></td>
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<tr>
<th>5.4.5</th>
<th>Year 0 / Entry / Scope: ASMO or System of Production &amp; First authorized buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ASMO or miners included in its FAIRMINED System of Production and the buyer will document either a separate down payment section within the contract or a separate credit agreement when down payment has been agreed on.</td>
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<tr>
<th>5.4.6</th>
<th>Year 0 / Entry / Scope: ASMO or System of Production &amp; First authorized buyer</th>
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<tbody>
<tr>
<td>Local and national legislation requirements prevail where they conflict with FAIRMINED down payment requirements.</td>
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<tr>
<th>5.4.7</th>
<th>Year 0 / Entry / Scope: ASMO or System of Production &amp; First authorized buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upon a documented failed delivery or payment or a non-conformity with agreed terms of delivery and payment, a new trial period may be agreed which must not exceed four consignments between the buyer and the ASMO or miners included in its FAIRMINED System of Production.</td>
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<tr>
<th>5.4.8</th>
<th>Year 0 / Entry / Scope: ASMO or System of Production &amp; First authorized buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>After a successful trial period and on request of the ASMO or miners included in its FAIRMINED System of Production, buyers must provide down payment for each consignment.</td>
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<thead>
<tr>
<th>5.4.9</th>
<th>Year 0 / Entry / Scope: ASMO or System of Production &amp; First authorized buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requests for down payment by ASMO or miners registered within its FAIRMINED System of Production should not exceed 60% of the value of each consignment. Buyers must provide (after a successful trial period) at least 40% of down payment on the value of each consignment, unless the requested amount is less.</td>
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<tr>
<th>5.4.10</th>
<th>Year 0 / Entry / Scope: ASMO or System of Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requests for down payment by the ASMO or miners registered within its FAIRMINED System of Production have to specify the intended use of the funds and period of delivery. Down payment can only be requested for purposes in line with the contractual obligations, such as producing the contractually agreed volumes and buying internally from FAIRMINED System of Production registered miners.</td>
<td></td>
</tr>
</tbody>
</table>

### 5.5 Traceability in the refining, trading and transport supply chain

**Intent**

Traceability requirements during refining, trading, and transport are to protect operators and consumers. The objective is to ensure that the authenticity of FAIRMINED Gold can be verified. The objective of internal traceability in the ASMO as described above (1.4), is to be able to trace...
the gold all the way back to the producer by check of documentation, as well as to ensure that the product is physically separate and identifiable from non-FAIRMINED products until the point where metals are sold.

Downstream from the authorized refiner, the FAIRMINED System offers physically traceable trading options for different markets, such as the “FAIRMINED Incorporated” model, which adapts flexibly to a wide range of business models and the “FAIRMINED Labeled” model, which extends physical traceability under strict FAIRMINED-defined composition rules to the final consumer. The models differ in terms of the point in the supply chain down to which the FAIRMINED standard governs physical traceability requirements. These commercial models and their specific requirements are described in detail in the Market Annex.

Complete documental traceability is always a requirement. Both models follow the requirements of Chapter 5.3 of this STANDARD on Trading Relationships.

<table>
<thead>
<tr>
<th>5.5.1</th>
<th>Year 0 / Entry / Scope: ASMO or System of Production &amp; First authorized buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All transactions between the ASMO or miners included in its FAIRMINED System of Production and the first authorized buyer are subject to full compliance with physical traceability requirements.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.5.2</th>
<th>Year 0 / Entry / Scope: ASMO or System of Production &amp; all FAIRMINED operators along the supply chain</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Joining, blending and consolidating volumes of FAIRMINED Gold are allowed at any stage, so long as traceability requirements are maintained according to type of claim.</td>
</tr>
<tr>
<td></td>
<td>This applies for both, FAIRMINED Gold and FAIRMINED Ecological Gold. However, to maintain the attribute &quot;ecological&quot;, FAIRMINED Ecological Gold can only be joined, blended or consolidated with other volumes of FAIRMINED Ecological Gold. If FAIRMINED Ecological Gold is joined, blended or consolidated with (ordinary) FAIRMINED Gold, the resulting product is always (ordinary) FAIRMINED Gold.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.5.3</th>
<th>Year 0 / Entry / Scope: All FAIRMINED operators along the supply chain</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>All transactions between operators, including transport, as well as any process carried out by an operator or an operator's subcontractor, are subject to full compliance with physical traceability requirements, down to the point of refining.</td>
</tr>
<tr>
<td></td>
<td>Downstream from the authorized refiner, the FAIRMINED System offers the “FAIRMINED Incorporated” model and the “FAIRMINED Labeled” model, as different supply chain options, according to needs and aspiration of licensees.</td>
</tr>
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</table>

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<thead>
<tr>
<th>5.5.4</th>
<th>Year 0 / Entry / Scope: All FAIRMINED operators along the supply chain</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For &quot;FAIRMINED Labeled&quot; products, all transactions between operators, including transport, as well as any process carried out by an operator or an operator's subcontractor, are subject to full compliance with physical traceability requirements.</td>
</tr>
<tr>
<td></td>
<td>Specific traceability requirements for downstream supply chain operators of FAIRMINED Labeled products are described in FAIRMINED Market Annex.</td>
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<tr>
<th>5.5.5</th>
<th>Year 0 / Entry / Scope: All FAIRMINED operators along the supply chain</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For &quot;FAIRMINED Labeled&quot; products, any operator at any point in the supply chain must ensure documental traceability by using an identification mark on all related documentation. The STANDARD requires that buyer and seller clearly indicate an identification mark on the related documentation (such as contracts, delivery notes, invoices, etc.).</td>
</tr>
<tr>
<td></td>
<td>All operators must ensure that they and the certification body will be able to trace:</td>
</tr>
<tr>
<td></td>
<td>• The seller of the product</td>
</tr>
<tr>
<td></td>
<td>• The physical form of the product when transacted (purchase and sale)</td>
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### Subchapter 5.6 is applicable only to FAIRMINED Certificates model

#### 5.6 FAIRMINED Certificates model

##### Intent

The FAIRMINED Certificates model is intended for situations where it is not feasible or not economically advantageous for an ASMO to sell gold into a physical FAIRMINED authorized supply chain (either FAIRMINED Incorporated or Labeled models).

Since the principal aim of FAIRMINED Standard is to provide development opportunities for responsible ASM, the FAIRMINED Certificates model provides a solution for such ASMOs in order to allow their participation in benefits of the FAIRMINED System.

This market model recognizes the existence of a legal supply chain specific to the context of each country, and acknowledges that in some cases it can be more beneficial and convenient for the ASMOs to sell into such local supply chains, as long as the legal buyers have all required national licenses and permits.

Rather than focusing on the sourcing of the certified gold (i.e. physical traceability and incorporation into a specific supply chain), “FAIRMINED Certificates” represent the equivalent amount of premium tied to the volume of production of certified gold from ASMOs and its flow to a legal gold supply chain. Since there is no actual selling of the certified FAIRMINED Gold to a FAIRMINED authorized buyer, the gold transaction (sale to the local, legal buyer) is decoupled from the Premium payment (Premium is paid by the certificate buyer), allowing the gold to be sold through a non-FAIRMINED legal supply chain.

Specific requirements for buyers of certificates (Premium payers) are described in the FAIRMINED Market Annex.

##### 5.6.1 Year 0 / Entry / Scope: System of Production

All FAIRMINED precious metals must be produced by the FAIRMINED System of Production of the certified ASMO.

##### 5.6.2 Year 0 / Entry / Scope: ASMO

Volumes of certified FAIRMINED Gold, which the ASMO cannot or does not want to sell into the supply chain for physical FAIRMINED certified gold as "FAIRMINED Incorporated" or "FAIRMINED Labeled", may be sold to local or national buyers, who count on all required national licenses and permits for such business ("legal buyer").

*At continuation, the STANDARD refers to these volumes of certified gold as "gold sold into other legal supply chains" and to the buyers as "legal buyer"*

##### 5.6.3 Year 0 / Entry / Scope: ASMO & Legal buyer

No FAIRMINED Minimum Price applies to "gold sold into other legal supply chains".

##### 5.6.4 Year 0 / Entry / Scope: ASMO & Legal buyer

No FAIRMINED Premium payment applies at the moment of sale of "gold sold into other legal supply chains".

##### 5.6.5 Year 0 / Entry / Scope: ASMO
The ASMO may register volumes of gold sold into other legal supply chains in ARM's FAIRMINED Information System as available for FAIRMINED Certificates. Proof of legal sale must be provided. 

*In order to avoid double accounting of volumes under different certification schemes, only volumes of gold that were not and will not be sold into any other supply chain certification initiative are allowed to be registered as available for FAIRMINED Certificates.*

<table>
<thead>
<tr>
<th>Year 0 / Entry / Scope: ASMO</th>
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<tbody>
<tr>
<td>ASMOs that wish to sell as FAIRMINED Certificates part or all of their certified gold production must register all sales of FAIRMINED Gold into ARM’s FAIRMINED Information System.</td>
</tr>
<tr>
<td>If the ASMO is registering Certificates into the FAIRMINED Information System, then all other eventual sales of gold into physical FAIRMINED supply chains (for Incorporated or Labeled) must also be entered into the FAIRMINED Information System by the ASMO.</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Year 0 / Entry / Scope: ARM</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARM shall sell the FAIRMINED Certificates to markets that do not aspire to physically incorporate FAIRMINED Gold into their supply chain, but wish to contribute to the development of responsible artisanal miners and their communities.</td>
</tr>
<tr>
<td>When selling FAIRMINED Certificates, ARM shall invoice the FAIRMINED Premium and the Development fee.</td>
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</tbody>
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<thead>
<tr>
<th>Year 0 / Entry / Scope: ARM</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Premium monies obtained through the sale of FAIRMINED Certificates must be transferred to the ASMOs that registered &quot;gold sold into other legal supply chains&quot; into the FAIRMINED Information System.</td>
</tr>
<tr>
<td>For fair distribution of Premium monies from certificates, ARM will establish a transparent premium distribution scheme that ensures that all participating ASMOs receive - as far as possible - the full premium for volumes below the &quot;volume threshold&quot; of 20 kg/Year, and that all revenues above the threshold will be distributed in the most equitable manner.</td>
</tr>
<tr>
<td>The Certificate Fund is subject to annual financial audits and participating ASMOs are entitled to request and receive a copy of the audit report.</td>
</tr>
</tbody>
</table>
## Market Annex to the FAIRMINED Standard

### 0. General Descriptions and Scope

#### Intent

To be able to extend the FAIRMINED certification scheme and its benefits to increasing numbers of committed responsible artisanal miners and ensure its long-term feasibility, the initiative is dependent on increasing market opportunities for miners.

To accomplish a more sustained market growth with larger gold volumes sourced from FAIRMINED ASMOS, the FAIRMINED system offers two physically traceable trading options for different markets, differing in the extent down to which point in the downstream supply chain physical traceability is governed by the FAIRMINED Standard (see Chapter 5.5 of the STANDARD):

1. "FAIRMINED Incorporated": is a model where the FAIRMINED Standard ensures physical traceability of the supply chain until the point, in which gold is refined. Downstream from this point, operators and licensees are free to follow traceability and product composition rules of their own choice.

2. "FAIRMINED Labeled": is a supply chain model extending the "FAIRMINED Incorporated" model, where the FAIRMINED Standard itself ensures physical traceability throughout the entire supply chain down to the final consumer product.

The model of “FAIRMINED Incorporated” provides licensed businesses and brands with flexibility to incorporate certified gold into an authorized, legal supply chain in a tailor-made way which fits their individual needs regarding internal physical traceability, supply chain assurance schemes of their own choice, or corporate labeling policies.

On top of supply chain claims related to incorporating FAIRMINED Gold, some licensees may wish to make more specific product claims by offering "FAIRMINED Labeled" products, for which the third party audited FAIRMINED label ensures to consumers that a specific item is made with FAIRMINED Gold, physically traceable sourced from certified responsible artisanal and small-scale miners.

Additionally, the FAIRMINED System offers "FAIRMINED Certificates" for ASMOS that are not able to or do not want to sell into the physical FAIRMINED supply chain and/or for markets that do not aspire to physically incorporate FAIRMINED Gold into their supply chain, but wish to contribute to the development of responsible artisanal miners and their communities. FAIRMINED Certificates are a "book and claim" scheme for FAIRMINED certified gold that has been sold by the ASMO to a legal buyer (maintaining physical traceability up to this point in the supply chain.

This range of options will allow all committed stakeholders to increasingly incorporate ethical sourcing into their supply chains while contributing to the formalization of responsible Artisanal and Small-scale Miners and their communities. All three models support responsible production of gold, produced by certified ASMOS according to the requirements of FAIRMINED Standard.

Notwithstanding the market models they participate in, the ASMOS must comply with the same requirements of the FAIRMINED Standard (with the exception of requirements of Chapter 5, which may differ depending on the market model pursued).

### 0.1 Scope of the Market Annex

The Market Annex to the FAIRMINED Standard for Gold from ASM, including associated Precious Metals applies to all involved Supply Chain operators and licensees, from the point of Price and Premium payment. The supply chain up to this point inclusive is covered in the main text of the FAIRMINED Standard and its scope.
See Chapters 0.2.7 to 0.2.9 of the FAIRMINED Standard's main text for Specific Product Descriptions.

As the FAIRMINED product is the gold and/or the associated precious metals used as components for the manufacture of final consumer products, this STANDARD does not cover manufacturing in detail.

1 FAIRMINED Incorporated

Intent
Interest from jewelers as well as from the other sectors of the gold industry for certified responsible sources of ASM gold is increasing. This market is characterized by a wide variety of business models, from small jewelers seeking to build direct and fair relations with responsible artisanal miners, to large corporations committed to engage with responsible ASM as part of their Corporate Social Responsibility approach. The common denominator is that businesses interested in sourcing from ASM are incorporating FAIRMINED Gold in their supply chain.

The "FAIRMINED Incorporated" model provides a flexible way to incorporate responsibly sourced FAIRMINED certified gold from ASM into the supply chains of small and large industry players, while extending sales and development opportunities for certified miners.

Physical traceability for FAIRMINED Gold produced by FAIRMINED certified ASMOs is ensured all the way down to the point in the supply chain in which gold is refined to its pure form. Downstream from this point, FAIRMINED operators and licensees are free to apply their own physical traceability concepts or adhere to supply chain assurance schemes of their own choice; they may set their own product composition rules, use their own labels, and make their own claims, as long as the claims regarding FAIRMINED follow the requirements of this FAIRMINED Market Annex, thus ensuring that consumers and other businesses receive truthful information.

The "FAIRMINED Incorporated" model provides the flexibility and compatibility with other proprietary or public supply chain initiatives, wishing to incorporate certified and physical traceable gold from ASM.

1.1 Traceability rules for FAIRMINED Incorporated

Intent
Downstream from the authorized FAIRMINED refiner, the operators or the licensees are free to define how they want to incorporate FAIRMINED Gold into a legal supply chain. The documental traceability must be kept, in order to be able to check the veracity of claims made by them or their clients.

1.1.1 Year 0 / Entry
All transactions and processes downstream of the first authorized buyer to the point in the supply chain in which the gold is refined are subject to full compliance with physical traceability requirements.

1.1.2 Year 0 / Entry
All downstream supply chain operators and licensees must register with ARM and submit reports to the FAIRMINED Information System. They will be subject to auditing in order to assess compliance with the requirements of this Market Annex to FAIRMINED Standard.

ARM reserves the right to recognize comparable audits by 3rd party auditors for the purposes of assessing compliance with this Market Annex:
- Used by downstream supply chain operators or licensees to audit their CSR claims, or
- Assessing compliance with other industry standards/ responsible supply chain initiatives.
- Sustainability reporting
1.1.3 Year 0 / Entry

Any authorized FAIRMINED supply chain operator at any point in the downstream supply chain must ensure documentary traceability by using an identification mark on all related documentation. The STANDARD requires that buyer and seller clearly indicate a FAIRMINED ID on the related documentation (such as contracts, delivery notes, invoices, etc.).

All operators must ensure that they and the certification body will be able to trace:
- The seller of the product
- The physical form of the product when transacted (purchase and sale)
- The alterations performed and relevant yields
- Disposals
- Quantities bought and sold (one up – one down)
- Date of transactions
- Payment of FAIRMINED Premium and Ecological Premium, and FAIRMINED Development Fee (where applicable).

Reports shall be submitted to ARM's FAIRMINED Information System, which specifies reporting requirements for each type of operator in detail.

1.2 Claims

1.2.1 Year 0 / Entry

Eventual claims can express the amount of Premium paid and/or volume and/or percentage of the FAIRMINED Gold purchased in a given calendar year.

For percentage claims evidence must be available for the accurate calculation (volume of FAIRMINED Gold in comparison with volume of gold from other sources).

Claims in year 0 may refer to planned or committed sourcing of FAIRMINED Gold

1.2.2 Year 0 / Entry

Licensees are encouraged to promote the use of FAIRMINED Gold and the FAIRMINED label at the corporate level, but this is not intended for any claims in reference to specific finished products.

For use of the FAIRMINED label for communicational purpose, refer to ARM's FAIRMINED mark manual.

1.2.3 Year 0 / Entry

Finished consumer products under the “FAIRMINED Incorporated” model must not bear the FAIRMINED label.

2 FAIRMINED Labeled

Intent
"FAIRMINED Labeled", as a supply chain model, provides continuity and is fully compatible with the market model of version 1 of the FAIRMINED Standard.

Simultaneously, under version 2 of the FAIRMINED Standard, "FAIRMINED Labeled" is seen as a supply chain model extending the "FAIRMINED Incorporated" model, with the FAIRMINED Standard itself ensuring physical traceability throughout the entire supply chain, down to the final consumer product.

All operators in the supply chain must be FAIRMINED certified, authorized or licensed and maintain the FAIRMINED Gold completely separate from any other gold, and no mass balance or mixing of sources with non-FAIRMINED is allowed.

FAIRMINED Labeled consumer products may be labeled and/or hallmarked with the FAIRMINED certification mark / label according to ARM's FAIRMINED labeling manual, ensuring consumers that the gold origins physically and traceably from FAIRMINED certified producers.

In order to be able to make FAIRMINED claims in regards to the specific products, the licensees must comply with the requirements of both Chapter 1 of this Annex "FAIRMINED Incorporated", and Chapter 2 “FAIRMINED Labeled”. Following this logic, FAIRMINED Labeled licensees can also make claims according to the rules defined in Chapter 1.2.1 of this Market Annex.

2.1 Traceability rules for FAIRMINED Labeled

Intent

Physical and documental traceability requirements assure the customer that this exact quantity of FAIRMINED Gold in a specific product was mined according to FAIRMINED Standard by one or more artisanal and small-scale mining organizations (ASMOs), and that the purchase of this consumer product provides immediate benefits to the certified ASMOs.

Requirements 1.1.1 and 1.1.2 of this Annex also apply for FAIRMINED Labeled Products.

2.1.1 Year 0 / Entry

All downstream supply chain operators that use or handle FAIRMINED Gold or FAIRMINED Ecological Gold from the point of sale of the gold by the ASMO, and throughout the supply chain have to ensure full compliance with physical traceability requirements at all times.

2.1.2 Year 0 / Entry

Joining, blending and consolidating volumes of FAIRMINED Gold are allowed at any stage, as long as the physical traceability is observed.

This applies for both, FAIRMINED Gold and FAIRMINED Ecological Gold. However, to maintain the attribute "ecological", FAIRMINED Ecological Gold can only be joined, blended or consolidated with other volumes of FAIRMINED Ecological Gold. If FAIRMINED Ecological Gold is joined, blended or consolidated with (ordinary) FAIRMINED Gold, the resulting product is always (ordinary) FAIRMINED Gold.

2.1.3 Year 0 / Entry

All subcontractors must comply with all physical traceability requirements. The FAIRMINED operator is responsible for ensuring physical traceability and subcontractors are subject to audits as part of audits of the operator.

Subcontractors (e.g. manufacturers specialized in certain processes, e.g. casting or similar) are not required to register as authorized FAIRMINED operators if they perform the process on behalf of the operator.

Refining however, is a central process in the supply chain; therefore refiners, even if performing refining on behalf of authorized FAIRMINED operators, can never be considered subcontractors, but must be authorized FAIRMINED operators on their own.
## 2.2 Claims and Product composition

### Intent

While the scope of the STANDARD covers exclusively FAIRMINED Gold and associated precious metals the product that bears the FAIRMINED Label is the final consumer product, which contains that metal. Product composition rules shall ensure consistent quality requirements in terms of precious metals contents for final consumer products, which are transparent to all operators and in particular to consumers.

If the licensee wishes to make product claims about the FAIRMINED origin of gold on a product, on package or point of purchase (i.e. through stamping pieces, putting FAIRMINED logo on the box, giving out a certificate with the FAIRMINED logo, or stating to their customers that it is made with FAIRMINED Gold), then it needs to be physically traceable all the way from the FAIRMINED mines to the final product and not diluted with gold from non-FAIRMINED sources.

### 2.2.1 Year 0 / Entry

The label on the final FAIRMINED Labeled consumer product has to clearly indicate that only the gold, silver or platinum are certified as FAIRMINED.

*For use of the FAIRMINED label, refer to ARM’s FAIRMINED mark manual.*

### 2.2.2 Year 0 / Entry

The final consumer products that may be labeled as FAIRMINED Gold are:

(i) Jewelry and semi-finished jewelry components including watches

(ii) Coins, ingots and bullion products of commemorative and/or financial nature

(iii) Medals and trophies

(iv) Religious artifacts

(v) Gold leaf and gold for artistic/ manual/ mechanical gold plating or electro/ chemical gilding

### 2.2.3 Year 0 / Entry

The use of the FAIRMINED label is subject to authorization by ARM.

*For use of the FAIRMINED label, refer to ARM’s FAIRMINED mark manual.*

ARM Licensees who work with FAIRMINED Gold for which the "FAIRMINED Development Fee" has been paid, are granted use of the FAIRMINED Label without payment of additional License Fees.

*ARM reserves the right to charge licensees a small annual registration flat fee, covering the costs of administrating their business account in the ARM information system. This flat fee will be established by ARM and published at the ARM Website*

### 2.2.4 Year 0 / Entry

The minimum caratage of gold (Au) in labeled consumer products is 9 carats.

The minimum fineness of silver (Ag) in labeled consumer products is 800.

The minimum fineness of platinum (Pt) in labeled consumer products is 850.

100% of gold contained in gold alloys must be FAIRMINED.

*In gold alloys sold as FAIRMINED Gold (e.g. 18 carat gold) all gold (Au) must be FAIRMINED Gold. The same applies for silver alloys sold as FAIRMINED Silver and platinum alloys sold as FAIRMINED Platinum. If silver or platinum are used in FAIRMINED Gold alloys, the use of FAIRMINED Silver or FAIRMINED Platinum in the alloy is not mandatory. However, if more than one component of an alloy is FAIRMINED certified metal (gold, silver platinum), the product can be labeled indicating all contained FAIRMINED metals (e.g. FAIRMINED Gold & FAIRMINED Platinum).*
### 2.2.5 Year 0 / Entry
Pre-fabricated items of jewelry that cannot be sourced from the FAIRMINED chain of custody must not exceed 15% of the total fine gold content. The certified gold must constitute at least 85% of the gold used in the jewelry product.

The requirement doesn’t apply for golden mechanical elements of watches, however in such cases the casing of the watch must be made 100% from FAIRMINED Gold. (see 2.2.4)

### 2.2.6 Year 0 / Entry
Gold leaf books/rolls/powder for gold plating or gilding of consumer products labeled as “gold plated/ gilded with FAIRMINED Gold” including Ecological Gold must contain 100% certified gold.

### 2.2.7 Year 0 / Entry
The use of FAIRMINED certified silver (Ag) or platinum (Pt) in gold alloys is voluntary and at the discretion of the manufacturer.

### 2.2.8 Year 0 / Entry
All FAIRMINED Gold contained in scrap and produced by a FAIRMINED Labeled licensee is allowed to re-enter the supply chain through a FAIRMINED registered refinery, so long as it complies with all physical and documentary traceability requirements and does not contain non-FAIRMINED sourced components of the recycled metal. Recycled FAIRMINED Gold recoveries are subject to audits and must be duly registered.

### 3. FAIRMINED Certificates

#### Intent
The “FAIRMINED Certificates” model provides a flexible way for a broad range of market segments both within and outside the gold industry to financially commit to the ASM sector and to contribute to the development of responsible artisanal miners and their communities. Rather than focusing on the sourcing of the certified gold (i.e., physical traceability and incorporation into a specific supply chain), “FAIRMINED Certificates” represent the equivalent amount of premium tied to the volume of production of certified gold from ASMOs and its flow to a legal gold supply chain.

Therefore, this model will allow certified ASMOs that are not able or do not want to sell into the physical FAIRMINED supply chain to participate and receive the premium incentive to be formalized, acquire best practices and impact back on the community. Since there is no actual selling of the certified FAIRMINED Gold to a FAIRMINED authorized buyer, the gold transaction (sale to the local, legal buyer) is decoupled from the premium payment (which is paid by the certificate buyer), allowing the gold to be sold through a non-FAIRMINED legal supply chain.

This model will allow organizations, both within and outside the gold industry, as well as committed individuals, to financially support responsible production of gold from, certified ASMOs, which comply with the requirements of the FAIRMINED Standard.

**EXAMPLE:**
An ASMO “The Golden Age” has recently been FAIRMINED certified in a geographic location that discourages export of gold. Establishing a FAIRMINED physical supply is either impossible or uneconomical. In order to benefit from FAIRMINED, the ASMO sells 2 kg of their certified gold to the state agency (legal buyer) and submits this volume to ARM’s FAIRMINED Information System as “available for FAIRMINED Certificates”, providing a valid invoice to prove that gold was sold into a legal (although not necessarily FAIRMINED authorized) supply chain. A company X decides to support responsible certified production from responsible ASM and buys a certificate for $4,000, which is an equivalent of 1 kg of certified gold. Additionally, 5 individuals who wish to support responsible ASM, buy certificates worth $400 each, equivalent of 500 grams of certified...
gold production. The Premium equivalent to 1.5 kg of certified gold, paid by certificates holders (Company X and 5 individuals) is then paid to ARM, that redistributes it in an equitable way between all the ASMOs that participate in the FAIRMINED Certificates models (with a special regard to provide opportunities for smaller, more vulnerable ASMOs and those with more difficult market access). Although the ASMO is not able to export its gold through FAIRMINED authorized physical supply chain, this models still allows the miners from “The Golden Age” to benefit from the Premium and invest it in their business and community development.

### 3.1 Traceability rules for FAIRMINED Certificates

**Intent**

“FAIRMINED Certificates” refer to the volume of certified gold, produced according to the FAIRMINED Standard, and sold by the ASMOs into the legal gold supply chain.

Production capacity and projection as well as sales records (invoices) of the certified ASMOs are registered into the FAIRMINED Information System to ensure accuracy of the amount of FAIRMINED certificates available for sale. Once the certificate is sold and the equivalent premium paid to the ASMO or ASMOs, the amount of certificates available in the system will be adjusted accordingly.

Under this model the physical traceability is maintained until the point where the ASMO sells certified gold into a legal supply chain.

#### 3.1.1 Year 0 / Entry

All buyers of FAIRMINED certificates with exception of end consumers must register in the FAIRMINED Information System and become FAIRMINED licensees. They may be subject to auditing in regards to the claims made on the purchase of FAIRMINED Certificates.

### 3.2 Claims

**Intent**

Under this model, claims can only be made at a corporate, CSR, sustainability reporting level and must not refer to specific consumer products as being made with “FAIRMINED Gold” or “FAIRMINED Ecological Gold”.

#### 3.2.1 Year 0 / Entry

Licensees can claim their commitment to financially support the responsible production of certified FAIRMINED Gold.

*For use of the FAIRMINED label for communicational purpose, refer to ARM’s FAIRMINED mark manual.*
**Glossary Annex**

**Alloy:**
A metallic substance made by mixing and fusing two or more metals, or a metal and a nonmetal, to obtain desirable qualities such as hardness, lightness, and strength. Gold forms alloys with most metals, but the most common alloying metals for jewelry are silver, copper, and zinc. However, other metals may be added, especially to make colored gold. For white gold the alloy is made with palladium or platinum. Rose, red and pink gold contain different proportions of gold and copper in the alloy. The carat number indicates the purity or fineness of gold in jewelry. 24 carat (24K or 24 kt) gold is called fine gold, 18 carats represents an alloy containing 75% of gold (18/24 carats = 0,75)

**Amalgamation:**
Mineral processing method by which gold particles are alloyed and agglomerated using mercury to create "amalgam" (a gold-mercury alloy or composite), which is then decomposed leaving gold.

**AMD:**
Acid Mine Drainage (AMD) is a natural process of oxidization of sulphide minerals and creation of sulfur dioxide by the exposure of rocks containing such minerals to air and water. AMD caused by mining can occur within the mine, in waste rock dumps, or in tailing ponds.

**ASMO:**
An ASMO is a formal organization established for the purpose of conducting or facilitating responsible Artisanal and Small-scale Mining and constituted according to the legal, social, cultural and organizational reality of the local context. An ASMO has direct (held by the ASMO) or indirect (held by miners of the ASMO) legal or contractual rights and environmental permits to mine.

The ASMO is the Certificate holder and has therefore ultimate responsibility for compliance with all requirements of the STANDARD. Compliance will however be audited according to levels of responsibility, i.e. within the FAIRMINED System of Production, within the entire ASMO or within the surrounding community, depending on the intent of each requirement.

**Associated precious metals:**
Silver and platinum group metals ("platinum") found in the ASMO's mineral deposit and extracted in the mining operation of the ASMO.

**Community based artisanal and small-scale miners:**
The local population that acts as the driving force behind the mining operations and that builds their own livelihood strategy upon the mineral resources within their communal territory.

**Conflict and high-risk Areas:**
Conflict affected and high-risk area – is an area identified by the presence of armed conflict, widespread violence, including violence generated by criminal networks, or other risks of serious and widespread harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars. High-risk areas are often characterized by political instability or repression, as well as institutional weakness, insecurity, collapse of civil infrastructure, widespread violence and violations of national or international law.

“Direct or indirect support" to non-state armed groups or public or private security forces through the extraction, transport, trade, handling or export of gold includes, but is not limited to, procuring minerals from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:

1. Illegally control mine sites or otherwise control transportation routes, points where gold is traded and
upstream actors in the supply chain; and/or

ii. Illegally tax or extort money or gold at points of access to mine sites, along transportation routes or at points where gold is traded; and/or

iii. Illegally tax or extort intermediaries, export companies or international traders.

In conflict-affected and high-risk areas, artisanal and small-scale miners are particularly vulnerable to adverse impacts and victims of serious abuses associated with the extraction, transport, trade, handling and export of minerals. The vulnerability of artisanal and small-scale miners is increased when artisanal and small-scale mining operates in the absence of an enabling regulatory environment conducive to responsible, conflict-free mineral production and legitimate trade.


**Concentrate:**

Intermediate product with a high concentration of gold obtained from the ore by mineral processing. The concentrate is processed further to obtain the doré.

**Convention on Rights of the Child (UN):**

The Guiding principles on the UN Convention on the Rights of the Child, are found in Articles 2, 3, 6 and 12:

Article 2: Non-discrimination: All rights apply to all children without exception. It is the State's obligation to protect children from any form of discrimination and to take positive action to promote their rights.

Article 3: Best interests of the child - All actions concerning the child shall take full account of his or her best interests. The State shall provide the child with adequate care when parents, or others charged with that responsibility, fail to do so.

Article 6: Survival and development - Every child has the inherent right to life, and the State has an obligation to ensure the child's survival and development.

Article 12: The child's opinion - The child has the right to express his or her opinion freely and to have that opinion taken into account in any matter or procedure affecting the child.


**Critical ecosystem:**

Critical ecosystems are areas with high biodiversity value, including (i) habitat of significant importance to Endangered species; (ii) habitat of significant importance to endemic and/or restricted-range species; (iii) habitat supporting globally significant concentrations of migratory species and/or congregatory species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes.

Adapted from: http://www.ifc.org/wps/wcm/connect/bff0a28049a790d6b835faa8c6a8312a/PS6_English_2012.pdf?MOD=AJPERES (accessed 10 July 2013)

**CSR:**

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (“Triple-Bottom-Line- Approach”), while at the same time addressing the expectations of shareholders and stakeholders.


**Cyanidation:**
Mineral processing technology of dissolving gold in a cyanide solution (cyanide leaching) and subsequent recovery of the gold from the solution by precipitation with zinc or through absorption with activated carbon and subsequent desorption.

**Domestic Processing Plants:**
Domestic Processing Plants are micro-enterprises and part of the Family Economy, which may – due to their size and characteristics – not require formal public registration, operation permits or labor inspection.

The term “domestic” refers to the artisanal characteristics (in a narrower sense) of such units, not to their locations. As the term “artisanal” is already used in “ASMO” and ASMOs are required to be formal and have all required permits, the term “domestic” is used for such units to avoid confusion.

Domestic Processing Units may include for example small mills, amalgamation, smelting, and pumps in alluvial mining operated by family members and their workers. If those plants depend structurally on hired labor (more than 20 workers, seasonal, temporary or permanent) they nevertheless must be inspected like an industrial plant, which involves all legal obligations for small or medium-sized enterprises of the formal economy. Due to necessary safety measures cyanidation/leaching plants are always considered to be “industrial” - regardless of their size and number of workers they employ.

The ASMO is obliged to register all Domestic Processing Units and the miners if they belong to the ASMO’s FAIRMINED System of Production and deliver into the FAIRMINED supply chain. In these cases, they are subject to traceability, premium governance and all respective criteria. All people involved in activities of the Domestic Processing Units (family members above age classified as child labor) are Miners. Specific attention has to be given to welfare of families and children and child protection in these units.

**Doré:**
Gold by definition is a pure element. From the gold mineral concentrate «Doré» is obtained through smelting, leaving metallic gold usually still containing silver that needs further refining. The refining consists in «purifying» the gold by extracting the impurities or other metals to get a purity of 99.5% minimum. A doré bar is therefore a semi-pure alloy of gold and silver, usually created at the site of a mine. It is then transported to a refinery for further purification.

The proportions of silver and gold can vary widely.

**Dumps:**
Locations where overburden, waste rock, tailings or other processed or unprocessed minerals are temporarily or permanently disposed of. Mineral materials on dumps may or may not contain valuable components.

A key characteristic of ASM is that dumps (overburden rock discarded by miners before processing due to its low gold content) may contain amounts of gold that are still of economic interest to recover for individual “mineral selectors”, and hence might be reprocessed several times depending on gold prices. Mineral selection is less physically demanding than underground mining and better suited to provide income opportunities for women, children, older people and youths. Mineral selectors usually combine mining with other domestic, educational, and economic activities. Therefore it is often a permanent, yet not a full-time activity, and is a source of ready cash for the most vulnerable people.

**FAIRMINED certified gold:**
FAIRMINED certified gold is mined, processed, refined and traded according to the STANDARD.

Throughout the STANDARD “gold” makes reference to gold and associated precious metals found in the same mining operation of the ASMO.

Throughout this document “FAIRMINED Gold” refers to gold from certified producers that can be traded following any of the market options outlined in the FAIRMINED Market Annex

Gold is certifiable as FAIRMINED Gold, so long as it:
- Originates from a FAIRMINED System of Production situated inside the mining area of a certified ASMO
- Has been produced by the miners included in the ASMO’s FAIRMINED System of Production
- Is fully traceable through the ASMO’s Internal Control System,
- Can be traded through the ASMO or miners included in its FAIRMINED System of Production.

*While associated silver is of marginal economic relevance and associated platinum occurs in rare cases, all precious metals are included in the STANDARD to promote full use of the mineral deposit through the incentive of the Premium.*

<table>
<thead>
<tr>
<th>FAIRMINED Development Priorities Plan:</th>
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<tbody>
<tr>
<td>Strategic guidelines regarding the priorities for development of each within each ASMO, prepared by the Premium Committee. The elaboration of this plan should be linked to 3 levels of responsibility of the ASMO, and will provide direction as to the implementation of the Premium Investment Plan once the Premium funds are received by the ASMO.</td>
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<tr>
<th>FAIRMINED Premium Investment Plan:</th>
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<tr>
<td>A detailed plan of implementation of specific projects funded with the Premium money. The Premium Investment Plan must be aligned with the FAIRMINED Development Priorities Plan.</td>
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<tr>
<th>FAIRMINED System of Production:</th>
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<tbody>
<tr>
<td>Prior to FAIRMINED certification the ASMO defines the scope of its FAIRMINED System of Production through including or not including areas, processes and miners. The System of Production is an inclusion scheme, which involves a consensus building process, where miners working in the ASMO’s mining area may or may not accept entering into a certification process from the outset. Miners who are not ready to enter are not included, according to clearly established, non-discriminative and objective criteria. It is expected that the ASMO will aim to progressively involve all miners in its mining area into the FAIRMINED System of Production.</td>
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<tr>
<th>First authorized buyer:</th>
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<tbody>
<tr>
<td>A FAIRMINED operator who is directly involved in the purchase of certified gold from the ASMO. Any first authorized buyer must comply with the relevant requirements of Chapter 5 of the Standard regarding Trading Relationships.</td>
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<th>Forced Labor:</th>
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<tr>
<td>ILO Convention No. 29 is one of 8 ILO fundamental conventions. It defines forced labor as 'all work or service, which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily'.</td>
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<tr>
<th>Gold sold into other legal supply chains</th>
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<tbody>
<tr>
<td>Volumes of certified FAIRMINED Gold, which the ASMO cannot or does not want to sell into the supply chain for physical FAIRMINED certified gold as &quot;FAIRMINED Incorporated&quot; or &quot;FAIRMINED Labeled&quot;, and which is sold to local or national buyers, who count on all required national licenses and permits for such business. The equivalent amount of FAIRMINED Premium for these volumes is available to the market as &quot;FAIRMINED Certificates&quot;.</td>
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<tr>
<th>Grievance mechanism:</th>
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<tbody>
<tr>
<td>A grievance mechanism is a non-judicial procedure that offers a formalized means through which individuals or groups can raise concerns about the impact an enterprise has on them – including, but not exclusively, on their human rights – and can seek remedy. These mechanisms may use adjudicative, dialogue-based or other processes that are culturally appropriate and rights-compatible. According to the United Nations, for a grievance mechanism to be effective, it should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning.</td>
</tr>
</tbody>
</table>

*Source: How to use the UN Guiding Principles on Business and Human Rights in company research and*

The ASMO management must put a responsible person in charge of grievances. Concerns and corrective measures must be documented.

If the issues cannot be resolved between the ASMO and the Stakeholder, concerns must be investigated by a competent Environment or Human Rights body (as applicable). This body must be recognized by the National Federation of the affected producers. If there is no agreement as to the competence of such a body, ARM reserves the right to decide within 30 days.

A grievance investigation must be carried out and a decision made within 90 days of the receipt of a grievance.

The costs of investigation must be covered by the ASMO, except in case of repetitive grievances decided previously already in favor of the ASMO, where costs must be covered by the party that loses the case. The terms of reference of the investigation must be approved by the certification body.

The ASMO must take measures in accordance with the decision made by the competent Environment or Human Rights body.

Grievances must be copied to ARM to enable follow up. ARM shall additionally set up a confidential, optional grievance procedure, for cases where there is a perceived or real risk for the affected group or community in using the regular grievance procedure with the ASMO.

Human trafficking:

“Trafficking in persons” shall mean the recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labor or services, slavery or practices similar to slavery, servitude or the removal of organs.


Internal Control System (ICS):

The ASMO has an Internal Control System that covers the FAIRMINED System of Production, and therefore assures traceability of all volume and sales into the FAIRMINED supply chain.

The ICS is the key tool to prevent non-standards-conform selling into the FAIRMINED supply chain, by clearly excluding gold from:

- Miners or processors which are not included in the ASMO’s FAIRMINED System of Production
- Registered miners from mineral or tailings extracted outside of the ASMO’s registered FAIRMINED System of Production, and
- Registered processing units from mineral or tailings proceeding from outside of the ASMO’s registered FAIRMINED System of Production.

Legal buyer:

A local or national buyer to whom the ASMO sells FAIRMINED certified gold under the FAIRMINED Certificates model. A legal buyer must count on all required national licenses and permits for such business.

Licensee:

A Licensee is a consumer facing operator (see operator) who may use the FAIRMINED Label in
combination with claims according to the market model(s) (FAIRMINED Incorporated, Labeled or Certificates) for which he/she obtained the corresponding license from ARM.

Typical Licensees are jewelers or brands. Additionally to the Standard, the Licensee has to comply with the clauses of the license agreement and ARM’s FAIRMINED Mark Manual. Apart from a small annual registration flat fee, there are no license fees or costs involved in becoming a FAIRMINED Licensee. Instead of a license fee for use of the FAIRMINED Label, ARM has introduced the FAIRMINED development fee to support the maintenance of the FAIRMINED System and producer support activities. For FAIRMINED Labeled and FAIRMINED Incorporated gold reaching the Licensee, that fee has already been paid by the 1st authorized buyer.

Members, shareholder or owner of the ASMO:
An ASMO can take different forms of ownership. The majority of members, shareholders or owners either was or still are artisanal and small-scale miners. Industrial Mining companies cannot hold shares of the ASMO.

Miner:
In general terms “miner” refers to any person (man or woman) involved in artisanal and small-scale mining.

In the context of STANDARD requirements, the term “miner” is used for all kinds of people working in the scope of the FAIRMINED System of Production of the ASMO. They can be owners, self-employed people, workers, mineral selectors, diggers, etc.

Mineral, Minerals:
All rock or gravel material extracted from the mine. According to its economic value, mineral is classified as ore and waste rock.

Mineral processing:
Technical processes to separate ore into gold or gold concentrate and tailings. Concentrates and tailings may be further re-processed. Gold is usually obtained in form of doré and separated from associated precious metals by refining.

Mineral selectors (mainly women):
Mineral selectors are in most cases women dedicated to select minerals from the waste rock. In some cases these groups may also include male mineral selectors, such as elderly people, older children, or disabled persons. They usually work on the surface of the mining area collecting and selling free coarse gold in small amounts or processing minerals domestically (mainly through milling and amalgamation). In some cases they deliver selected minerals to the organization’s plant or to registered miners of the ASMO. Sales are usually done locally.

It is the intent of the STANDARD to engage women mineral sectors to sell into the FAIRMINED market instead of local traders who pay them a lower price. The ASMO shall make all reasonable efforts to integrate Mineral Selectors into its FAIRMINED System of Production. Mineral selectors are covered by the scope of the STANDARD if they: a) are included in the System of Production of the ASMO (1st level of responsibility of the ASMO), b) work in the ASMO’s mining area (2nd level of responsibility of the ASMO), and c) are part of the surrounding mining community where the ASMO has certain 3rd level co-responsibilities. In case a) they must be part of the Premium Committee. In cases b) and c) they can be part of the Premium Committee, subject to the decision of FAIRMINED System of Production miners. In any case the ASMO assumes responsibilities over the women mineral selectors through gender promotion and monitoring of wellbeing of families and children within its mining area (see above).

Mineral selectors are almost always self-employed and a particularly vulnerable group. Improving technology easily affects them by depriving them of their livelihood. Even if they don’t belong to the FAIRMINED System of Production of the ASMO, they need to be seen as a priority group, which should participate in the FAIRMINED Premium committee and benefit from the 3rd level responsibilities of the
ASMO regarding the mining community. This will be reflected in their participation in activities carried out as part of the FAIRMINED Premium Plan.

**Mining Area of the ASMO:**

In legal terms, the area in which the owner of the mining right is entitled to extract minerals from the subsoil.

Within the context of the STANDARD, the mining area of the ASMO comprises all areas where economic activities of the ASMO and its miners take place and where the ASMO (or its miners) possess the right of appropriation of the minerals (mining concessions, mining lease, exploitation contract, or equivalent denominations according to national legislation) and owns or has an agreement for the land use rights with the land owner.

Accordingly, the mining area of the FAIRMINED System of Production comprises the mining area of the ASMO, less the areas not included in the FAIRMINED System of Production.

**Mining Right:**

The right of a legal or natural person to extract minerals within a certain area (mining area in legal terms). *Most legislation distinguishes between land rights and sub-surface rights (mining rights, concessions, and leases). ASM is treated in a wide variety of ways under individual legal frameworks of different countries, and frequently mining concessions or mining leases are only granted to industrial mining organizations. The STANDARD therefore uses the term “Mining Right” in its generic sense, as any public or private legal right or authorization to extract minerals within a certain area and to obtain ownership of the extracted minerals or their content.*

**Operator:**

Any entity in the supply chain, other than the ASMO itself, that trades or transforms the gold or gold containing materials.

*With the ASMO at its central point, the STANDARD refers to all entities of the supply chain, from the “First authorized buyer” downstream to the shop where the final product is sold to consumers, as “operators”.

*Licensees are a sub-group of operators (see Licensee).*

**Ore:**

Mineral (rock or gravel) that contains gold at an economic concentration (grade) and that is therefore suitable to be processed.

**Protected Area:**

A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values.

*Source: UNEP-WCMC About Protected Areas, Dudley, N. (ed.) Guidelines for Applying Protected Areas Management Categories (IUCN: Switzerland, 2008) p.8-9*

**Registered Miners:**

All miners within the scope of the ASMO are to be registered (and are in the scope of 2nd level responsibilities of the ASMO, within its mining area). Only those “registered miners” who are included in the System of Production (scope of 1st level responsibilities of the ASMO) are allowed to deliver into the FAIRMINED supply chain. The ASMO is responsible for compliance with all STANDARD requirements in its FAIRMINED System of Production.

*In case unauthorized miners work informally within the mining area of the ASMO and refuse to leave or to register, registration of such groups (which obviously cannot be included in the System of Production) has to be done by qualitative and quantitative description of the group, demonstrating that the ASMO is fully aware of their unauthorized presence in the mining area.*
While it is the responsibility of the ASMO and in its own interest to progressively register all miners in its area, and to avoid the existence of miners working in its area without its consent, community relations often limit the potential of sanctions against persons refusing to obey the rules. The ASMO cannot be held responsible for non-registered miners who engage in mineral extraction but refuse to register and follow the ASMO's orders, even after being admonished. Such "non-registered miners are not part of the FAIRMINED System of Production of the ASMO. The ASMO will not accept mineral or gold from non-registered miners; non-registered miners will not participate in Premium decisions, but the ASMO will take measures to prevent FAIRMINED core principles from being violated inside its mining area. An operator who does processing is also a “miner”.

Rehabilitation:
Land restoration as close as possible to the conditions which existed before ASM started or suitable for intended post-mining use of the land

System of Production:
See: FAIRMINED System of Production

Tailings:
Intermediate or final product from mineral processing with a non-economic concentration of gold. Tailings are deposited at tailings dumps or in tailings ponds. In some cases tailings can be reprocessed to recover remaining gold. If so, tailings used in a FAIRMINED System of Production are then subject to traceability, registration, and compliance with all requirements.

UNCRC Guiding Principles:
The Convention on the Rights of the Child was the first instrument to incorporate the complete range of international human rights—including civil, cultural, economic, political and social rights as well as aspects of humanitarian law. The guiding principles of the Convention include non-discrimination; adherence to the best interests of the child; the right to life, survival and development; and the right to participate. They represent the underlying requirements for any and all rights to be realized. Additional provisions of the Convention (articles 43 to 54) discuss implementation measures for the Convention, explaining how governments and international organizations will work to ensure children are protected in their rights.

Available at: http://www.unicef.org/crc/index_30177.html [Accessed April 1, 2013]

Waste rock:
Mineral that doesn’t contain gold or contains uneconomic gold grades and is therefore permanently or temporarily disposed of (see dumps).

Women Mineral Selectors:
See "Mineral Selectors"

Workers:
The term “workers” refers to all waged employees. It includes migrant, temporary, casual, seasonal, subcontracted and permanent hired workers. It also includes “diggers” in Africa.

Workers and mineral selectors, who are included in the FAIRMINED System of Production, must have delegates in the FAIRMINED Premium Committee of the ASMO.

Worst Forms of Child Labor/WFCL:
(ILO Convention 182) defines it as: labor that jeopardizes the physical, mental or moral well-being of a child, either because of its nature or because of the conditions in which it is carried out, is known as “hazardous work”. It includes:
(a) Work which exposes children to physical, psychological or sexual abuse;
(b) Work underground, under water, at dangerous heights or in confined spaces;
| (c) Work with dangerous machinery, equipment and tools, or which involves the manual handling or transport of heavy loads; |
| (d) Work in an unhealthy environment which may, for example, expose children to hazardous substances, agents or processes, or to temperatures, noise levels, or vibrations damaging to their health; |
| (e) Work under particularly difficult conditions such as work for long hours or during the night or work where the child is unreasonably confined to the premises of the employer. |