

SWISS BETTER GOLD VERIFICATION GUIDANCE – SUMMARY

The Swiss Better Gold verification guidance is a crucial document for Swiss Better Gold. It defines the Swiss Better Gold sourcing criteria, sets out guidelines as well as responsibilities for different actors within the Swiss Better Gold verification programme, and provides a detailed description of the verification and monitoring process. Overall, the verification guidance complements the Swiss Better Gold sourcing strategy, explaining the Swiss Better Gold verification programme, a programme designed to balance credibility, practical application in the field and costs, and to assure compliance with the Swiss Better Gold criteria.

The Swiss Better Gold verification guidance is directed towards independent assurance professionals, known as “verifiers”, and aims to assist them in better understanding the Swiss Better Gold verification programme and, through the evaluation process, to make a determination on the performance of participating ASGM operators. The Swiss Better Gold verification programme relies on qualified independent verifiers that validate the information generated by the implementing partners and, where necessary, gather additional data to determine performance against the Swiss Better Gold sourcing criteria. The guidance furthermore sets out the Swiss Better Gold Association’s expectations of verifiers and provides instructions on how they should report to the Association secretariat on their findings and conclusions during the verification process.

The following document provides a summary of the Swiss Better Gold verification guidance.

CONTINUOUS IMPROVEMENT

Continuous improvement is a core and immutable principle of Swiss Better Gold and fundamental to its success. Participating ASGM operations are incentivised to continually improve their practices and, step-by-step, gain access to the international gold market by demonstrating their compliance with the Swiss Better Gold sourcing criteria.

This progressive approach is known as the Swiss Better Gold Continuous Improvement Escalator (the Swiss Better Gold escalator). The Swiss Better Gold escalator has three steps: from Step 1 ASGM operators meeting basic Swiss Better Gold criteria, to Step 2 making improvements to meeting all the Swiss Better Gold sourcing criteria, to Step 3 being a verified Swiss Better Gold supplier. For some operators who aspire to gain entry to specialist markets, there is an additional process of certification by Voluntary Sustainability Standards (VSS), such as the Responsible Jewellery Council certification.

During the process of continuous improvement, participating ASGM operations are accompanied by the Swiss Better Gold implementing partners which provide technical assistance on the ground. The Swiss Better Gold approach is rooted in the engagement of field-based implementing partners who maintain a continuous site-level monitoring of participating ASGM operators.

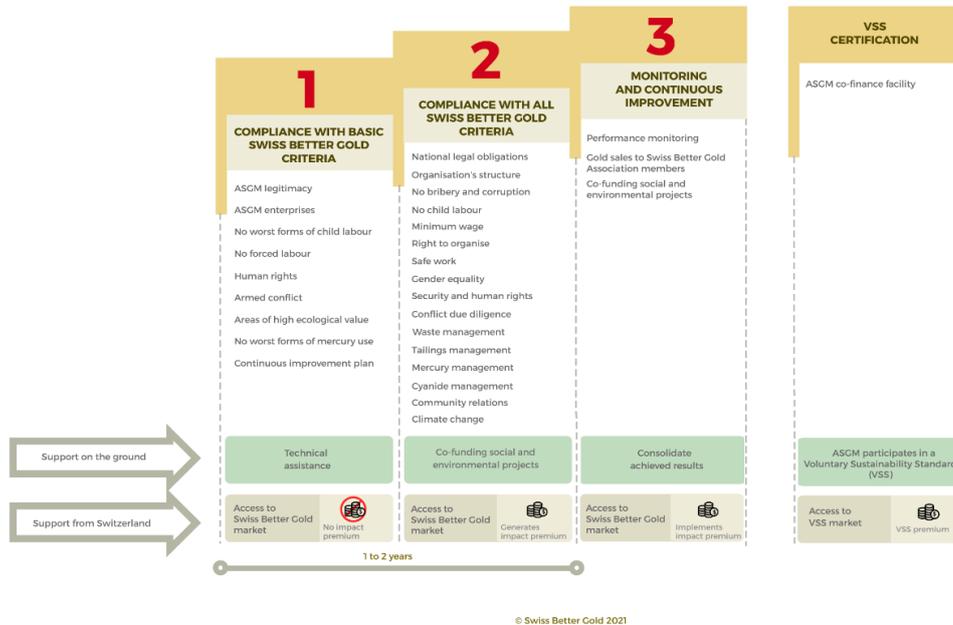


Figure 1: Swiss Better Gold Continuous Improvement Escalator, elaborated by the Swiss Better Gold Association

SWISS BETTER GOLD SOURCING CRITERIA

There are 25 Swiss Better Gold criteria applied across Steps 1 and 2 of the Swiss Better Gold escalator. The Swiss Better Gold verification guidance provides a detailed description of all 25 criteria, and groups them into three topic areas or ‘aspects’ – ESG: *environmental, social, and governance & organisational capacity*. It furthermore defines the criteria’s importance for Swiss Better Gold, and aligns them with international instruments, such as the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*.

Moreover, the guidance gives a detailed explanation of the verification process for each of those criteria. It first mentions the expectations Swiss Better Gold has towards the verifiers and their evaluations of the ASGM operations. It then goes on to specify verification methods, such as giving examples of data collection methods and possible sources of evidence. Finally, the guidance sets out the performance determination, defining exactly what compliance means for each criterion. To reflect

the continuous improvement approach, the performance determination is divided into four levels: “Meets”, “Partially meets”, “Misses”, and “Insufficient information”.

KEY STAKEHOLDERS INVOLVED IN THE SWISS BETTER GOLD VERIFICATION PROGRAMME

Coordination and coherence of procedures and protocols between the participants of the Swiss Better Gold verification programme is essential to its success. The Swiss Better Gold verification guidance describes the four key entities that participate in the Swiss Better Gold verification programme in detail, outlining their roles and responsibilities.

ASGM operators: ASGM operators are the primary protagonists of Swiss Better Gold. They are expected to:

- To choose and articulate a commitment to participation in the Swiss Better Gold programme or a programme of a Swiss Better Gold approved VSS;
- To nominate and provide an appropriate level of support and resources to a contact person who will coordinate with the Swiss Better Gold Association;
- To commit the requisite resources to meet basic Swiss Better Gold criteria (Step 1) and over time meet the full Swiss Better Gold criteria (Step 2);
- To participate in training as required by the implementing partner and/or the Association;
- To maintain basic records and a functional internal management system;
- To complete self-assessment surveys, and subject itself to independent checks on this information and verification visits at their operating sites;
- To make available information for entry into the Swiss Better Gold monitoring system.

Furthermore, the Swiss Better Gold verification guidance categorises the participating ASGM operation into 3 groups (artisanal mining groups, small-scale operators, semi-industrial operators) in order to communicate the operator’s level of capacity and, thus, make them subject to different verification methodologies outlined in the guidance. Verifiers are expected to be knowledgeable about this categorisation and to assign a category to the ASGM operator.

Swiss Better Gold implementing partners: Implementing partners are Swiss Better Gold’s representation on the ground. They work with and support ASGM operators to achieve more responsible practices, and are responsible for creating an environment that enables ASGM operators to participate in the Swiss Better Gold system and export Swiss Better Gold. Implementing partners are also responsible for on-going monitoring and periodic evaluation of ASGM operators and for reporting their findings

and conclusions to the Swiss Better Gold Association through its online monitoring platform.

Implementing partners have the following responsibilities:

- To identify ASGM operators with the potential to participate in the Swiss Better Gold programme;
- To categorise ASGM into appropriate categories;
- To support ASGM operators in their activities and to take full responsibility for their training and development in operating practices for achieving the Swiss Better Gold criteria;
- To facilitate Swiss Better Gold verifiers' site visits with ASGM operators;
- To facilitate the collection of data from ASGM operators (at least) every six months and the submission of monitoring reports, gap analyses, and the status of continuous improvement plans (CIP);
- To coordinate with local and national mining authorities in order to formulate and articulate ASGM operators' needs and to facilitate ASGM formalisation.

Swiss Better Gold Association secretariat: The Swiss Better Gold Association secretariat is responsible for the planning, execution and reporting of the Swiss Better Gold verification programme. It oversees the delivery of verification activities, including the selection of implementing partners and independent verifiers, six-monthly monitoring and reporting and verification events.

The secretariat has the following responsibilities:

- To select implementing partners and Swiss Better Gold verifiers;
- To identify and delineate implementing partner 'clusters';
- To work with implementing partners to ensure consistent implementation of monitoring and reporting (M&R) in all countries;
- To confirm 'approved supplier' decisions for ASGM operators and issue approved supplier notices;
- To approve cancellations of 'approved supplier' status;
- To maintain a log for gap analyses, six-monthly monitoring reports, CIP reports and independent verifier reports;
- To identify the need for, and oversee the implementation of, system improvements;
- To develop continued demand for gold from Swiss Better Gold ASGM operators.

Swiss Better Gold verifiers: Verifiers are independent and competent parties approved by the Swiss Better Gold Association to carry out verification activities in specific countries. Verifiers provide external validity to the Swiss Better Gold verification programme through desk 'checks' and 'on-site visits' to ASGM operations that verify the results and findings of the implementing partners and the self-

assessment reports of ASGM operators. The Swiss Better Gold verification guidance provides a list of criteria against which the independent verifiers are selected. Verifiers will be expected to be fully trained in the Swiss Better Gold verification programme and to follow the policies and guidelines developed and published by the Swiss Better Gold Association.

Verifiers have the following responsibilities:

- To complete the Swiss Better Gold approval process for verifiers;
- To participate in any required refresher training;
- To complete desk 'checks' on six-monthly reports;
- To conduct verification site visits and prepare verification reports;
- To provide feedback and recommendations on CIP, six-monthly reports and findings from site-visits;
- To make recommendations on supplier approval and approved-supplier duration.

**SWISS BETTER GOLD
VERIFICATION METHODOLOGY**

Independent verifiers conduct 'desk checks' on ASGM operator reports (gap analyses, CIP reports and six-monthly reports) and on-site verification visits to ASGM operations. The implemented verification methods, such as interviews, should cover all levels of the operation from management to the workers. Furthermore, the number of, for instance, interviews is subject to the verifier's criteria but should be proportionate to the size category of the operation.

The regularity of desk checks and site visits also depends on the size category of the ASGM operator, as well as the stage of advancement along the Swiss Better Gold escalator, and the perceived risk by the Swiss Better Gold Association. The verification process' results are shared and discussed with the local implementing partner who will follow-up on them together with the respective mining operation. Verification site visits may require one or more verifiers with a different profile, e.g. a technical expert and an expert in human rights. The composition of verification teams is determined by the Swiss Better Gold Association.

The following table illustrates Swiss Better Gold verification events:

Verification Step	Verification intensity	Verification scope	Regularity of verification
ASGM eligibility	Desk check	Sample	On request

ASGM gap analysis		Desk check	Sample (AM&SM); All (Semi industrial)	On request Once, to participate in the Swiss Better Gold programme
CIP		Desk check	Sample (AM&SM); All (Semi industrial)	On request Once, on development of CIP and then as dictated by the CIP
Six months report		Desk check	Sample	On request Every six months
Step approval	1	Desk check	Sample (AM&SM); All (Semi industrial)	On request Once, to be Step 1 approved supplier
Step approval	2	Site visit	Sample (AM&SM); All (Semi industrial)	Once, to be approved Swiss Better Gold supplier
Approval renewal		Desk check & site visit	Sample (AM&SM); All (Semi industrial)	Every two to three years after Step 2 approval

SWISS BETTER GOLD VERIFICATION CYCLE

Swiss Better Gold verification of an ASGM operator, from selection to approval as a Swiss Better Gold supplier, follows a process that takes up to, but should not last longer than 24 months. The process begins with implementing partners identifying eligible ASGM operators and completing a gap analysis on their practices against the Swiss Better Gold sourcing criteria. Those ASGM operators that are considered to have the capacity and interest in becoming Swiss Better Gold suppliers are supported by the implementing partners to achieve the 'basic' Step 1 criteria of the Swiss Better Gold escalator within 12 months. During these first 12 months, the ASGM operators are monitored continually. When conformant with the basic Step 1 Swiss Better Gold criteria, the ASGM operator is approved as a Swiss Better Gold participant.

ASGM operators then have a further 12 months to reach conformance with the full Step 2 Swiss Better Gold criteria, be verified by an independent verifier and approved by the Swiss Better Gold Association as a Swiss Better Gold supplier. It should be noted

that these 12-month periods for each step in the escalator are targets for conformance with the criteria and might vary. In some cases, ASGM operators might meet the criteria much sooner, in other cases operators might take longer for each step. Overall, however, a 24-month period to achieve Step 2 Swiss Better Gold criteria is considered by the Swiss Better Gold Association to be feasible and a reasonable expectation to demonstrate conformance.

Once ASGM operators have been verified to be meeting the full Swiss Better Gold sourcing criteria and approved by the Swiss Better Gold Association as Swiss Better Gold suppliers, a 'renewal' verification will need to be carried out within two to three years of the approval being awarded. If a gap is identified during the verification process, the Swiss Better Gold implementing partner will work with the mine to close this gap within a timeframe that is defined together with the Swiss Better Gold Association. An extraordinary verification by independent verifiers may occur at any time at the discretion of the Swiss Better Gold Association. Extraordinary verifications occur when the ASGM operator's business circumstances change significantly, when there is a physical alteration of the operation, such as a mine expansion or introduction of new equipment, regular monitoring information suggests that the performance of the ASGM operators is falling below expectations set out in the Swiss Better Gold sourcing criteria, or an allegation connected to the ASGM operation is deemed to represent a risk to the Swiss Better Gold Association and its members.

The following figure illustrates the Swiss Better Gold verification process and the regularity of verification events:



Figure 2: Swiss Better Gold monitoring and verification process, elaborated by the Swiss Better Gold Association