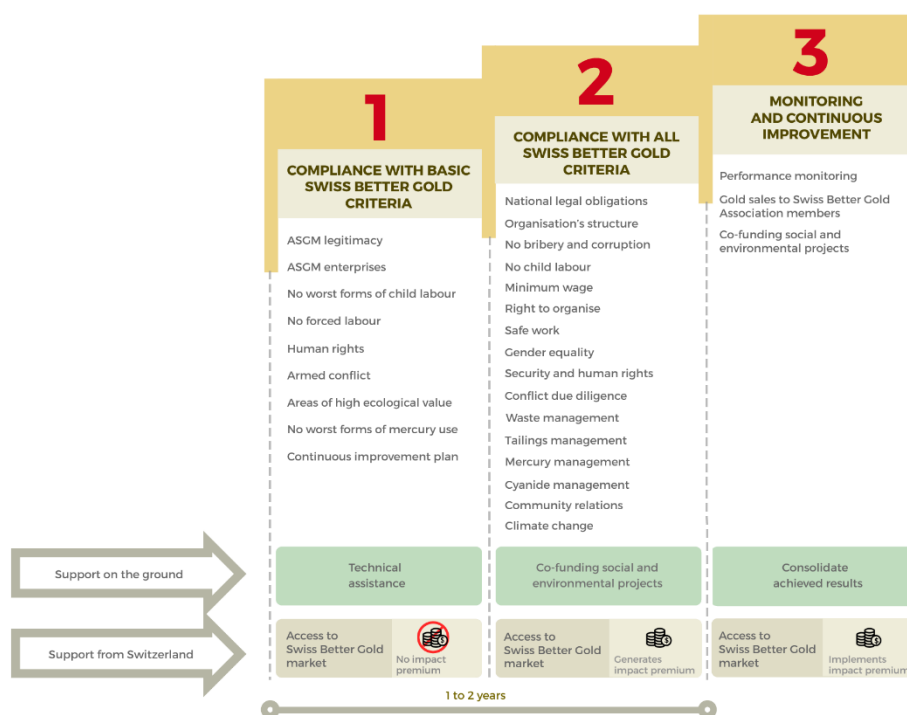


SWISS BETTER GOLD FUND POLICY

OBJECTIVE

The Swiss Better Gold Fund (SBGF) aims at delivering maximum positive impact to Artisanal and Small-Scale Gold Mining (ASGM) operations¹ that have engaged with Swiss Better Gold and have committed to ascend the Swiss Better Gold escalator. The Swiss Better Gold Fund primarily focusses on supporting the implementation of social and/or environmental projects for ASGM operations that have already reached Step 2 of the escalator. Additionally, through SBGF Technical Assistance, the fund seeks to support operations, that have recently entered the programme, to reach full compliance with the Step 1 Swiss Better Gold criteria in order to establish sustainable long-term foundations for the collaboration with Swiss Better Gold².

Figure 1: Swiss Better Gold continuous improvement escalator



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¹ In this document, the term refers to artisanal mining groups, small-scale and semi-industrial operations.

² Under particular circumstances, the fund may also be available to ASGM operations on their way to reach Step 1, or to Step 2 operations (exceptions are considered by the Swiss Better Gold Association).

PRINCIPLE

The fund’s setup is designed to deliver tangible results and benefits on the ground, as well as to mitigate two limitations: sustain the motivation of ASGM operations to remain in the system through co-financing social and/or environmental projects in their mining or surrounding communities; and allocate funds to support Step 1 operations in order to reach Step 2.

The ESG criteria stipulated in the Swiss Better Gold sourcing strategy also apply to the projects (co-)funded by the Swiss Better Gold Fund. All provisions related to these criteria need to be used as a guiding principle for the mining operation in the design and implementation of each project. Failure to comply with this principle may lead to the disqualification of the project and, ultimately, of the mining operation, from the Swiss Better Gold programme.

Allowing maximum impact and direct reinvestment of the SBGF into the ASGM sector is the core and immutable principle of Swiss Better Gold. As such, the current structure may be revised in the future in order to generate higher SBGF capacity and impact.

FUND COLLECTION

The SBGF’s collection process is based on volumes of premium generated through the Swiss Better Gold Association’s supply members that source Swiss Better Gold from eligible Step 2 ASGM, where the existing 1\$ per gram premium for purchased fine gold is applied. Figure 2 depicts the essence of the fund’s accumulation and distribution mechanism.

| SWISS BETTER GOLD FUND (SBGF) | | | |
|---|--|--|----------------|
| Structure & Distribution | | | |
| Technical Assistance fund for supporting ASGM in applying better practices 15% | Social/Environmental fund for enhancing ASGM community development 70% | Swiss Better Gold for producer verification & Association costs 15% | |
| TECHNICAL ASSISTANCE FUND for supporting ASGM in applying better practices | | | |
| | Step 1 | Step 2 | Step 3 |
| 15% | Technical Assistance remains a priority for Step 1 ASGM operations which are committed to ascend the Swiss Better Gold continuous improvement escalator, close identified gaps, and comply with Swiss Better Gold criteria within next 24 months of their entrance into the programme. | Exceptionally, certain Technical Assistance projects can also be funded at this level. | Not applicable |

| SOCIAL/ENVIRONMENTAL FUND for enhancing ASGM community development | | | |
|--|--|---|---|
| USD1/gr | Step 1 | Step 2 | Step 3 |
| 70% | Not applicable | Co-financing social and/or environmental projects with benefits for supplying ASGM community through the generated premium. | Co-financing social and/or environmental projects with benefits for supplying ASGM community through the generated premium. |
| SWISS BETTER GOLD for producer verification & Association costs | | | |
| 15% | This fund covers the costs for Swiss Better Gold verification as well as the Association's administrative costs. | | |

FUND ALLOCATION

Technical Assistance funds will support the ASGM operation's effort to accompany and accelerate the continuous improvement process to reach Step 2 of the escalator. The Swiss Better Gold Technical Assistance fund thus aims at supporting improvement projects that the operations need to close the gaps identified in their respective continuous improvement plans (CIPs). The fund is available to all Step 1 ASGM operations that have formally committed to participate in the Swiss Better Gold programme and to achieve full compliance with the Swiss Better Gold criteria within a maximum of 24 months. Under specific circumstances Technical Assistance projects may also be supported to reach Step 1 or at Step 2.

SBGF Technical Assistance is based on a participative approach between the Swiss Better Gold Association and the ASGM operation. The Swiss Better Gold Association disburses the financial resources for the projects from the fund, whereas the mining operation contributes to the project's implementation in the form of contributions proportional to the size of the operation, such as the provision of workforce, equipment or any other.

Social/Environmental funds will be allocated on the basis of project proposals handed in by supplying ASGM operations with the ultimate goal of proposed initiatives benefitting the ASGM community at large and having a measurable ESG impact.

The use of this share of the SBGF is also based on a supplying ASGM operation participative approach, however, in this case, it means that the operation will co-invest into social and/or environmental projects along with the SBGF. Co-financing of 50% by the Swiss Better Gold Association and 50% by the ASGM is the standard rule for projects to benefit from the SBGF*. The premium collected in the Social/Environmental fund is eligible to the ASGM for 24 months after starting to generate the fund. It is possible for an ASGM to accumulate premium over a longer period of time if a planned project requires a larger amount of funding.

The **SBGF Allocation procedure** provides details on how ASGM operations can access these funds.

* Exceptions will be considered by the Swiss Better Gold Association Board of Directors for cases with demanding circumstances and/or when the anticipated social and/or environmental impact is below or above expectations of the Swiss Better Gold programme (ex. for projects which have a clear benefit for the working conditions within the operation while at the same time increasing productivity, the Association may consider a different percentage split of the SBG contribution).

DISCRETIONARY CONTRIBUTIONS

In order to contribute to the continuous improvement processes of the ASGM operations and as an additional producer incentive, Swiss Better Gold Association members can make discretionary contribution(s) to a specific operation that participates in the programme, irrespective of their production and/or sold volumes, or the step of the escalator the operation may be on. Discretionary contributions can also be intended for the overall Initiative (not earmarked). Open to all member categories (support or supply), contributions are not tied to any purchases or communications requirements. A willingness to positively contribute to the Swiss Better Gold Fund and support Swiss Better Gold objectives must be apparent.

A **discretionary contribution** corresponds to the specificities of a contributing member's CSR philosophy, philanthropic principles, or other motivations compatible with Swiss Better Gold's needs on the ground.

Therefore, **discretionary contributions** are to be allocated on the basis of the expressed intentions of the contributing member, as per priorities of Swiss Better Gold on the ground, and any recommendations made by the Association Board of Directors. For more details, please also consult the *Concept note on discretionary contributions*.

COMMUNICATION

Swiss Better Gold provides its members, its partners and civil society at large with regular information on the use of the SBG on the ground, impacts achieved, beneficiaries reached and other social and/or environmental improvements which are reached thanks to these funds.