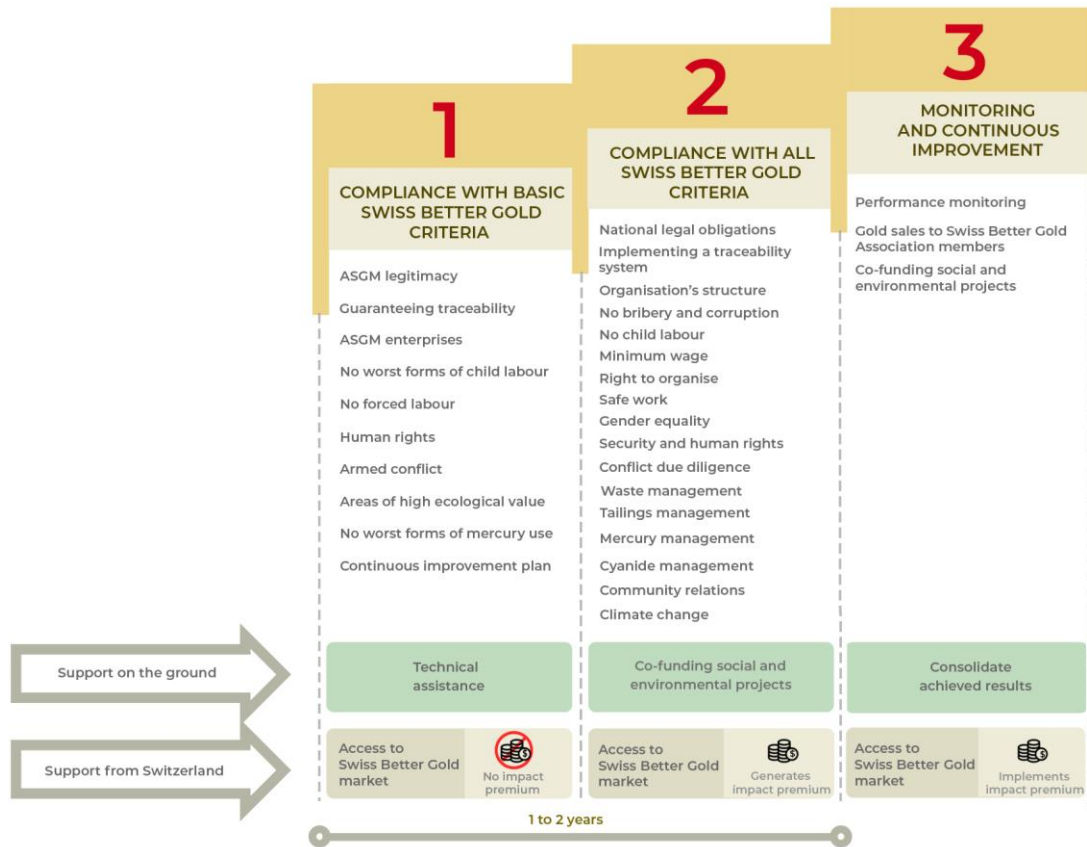


**SWISS BETTER GOLD FUND POLICY**

**OBJECTIVE**

The Swiss Better Gold Fund (SBGF) aims at delivering maximum positive impact to artisanal and small-scale gold mining (ASGM) producers<sup>1</sup> that have engaged with Swiss Better Gold and have committed to ascend the Swiss Better Gold Continuous Improvement Escalator. The SBGF primarily focusses on supporting the implementation of social and/or environmental projects for ASGM producers that have already reached Step 2 of the escalator. Additionally, through SBGF Technical Assistance, the fund seeks to support producers, 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 Gold<sup>2</sup>.

Figure 1: Swiss Better Gold Continuous Improvement Escalator



<sup>1</sup> In this document, the term refers to artisanal mining groups, small-scale producers. In cases where there is considerable social and/or environmental impact to be achieved through the generation of the Swiss Better Gold premium, Swiss Better Gold might also work with medium-scale producers.

<sup>2</sup> Under particular circumstances, the fund may also be available to ASGM producers on their way to reach Step 1, or to Step 2 producers (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 producers 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 producers 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 producer 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 producer, 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 producers, 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.

| <b>SWISS BETTER GOLD FUND (SBGF)</b>  |  |  |                |
|---|--|--|----------------|
| <b>Structure &amp; Distribution</b>   |  |  |                |
| <b>Technical Assistance Fund</b><br>for supporting ASGM in applying better practices<br>15% | <b>Social/Environmental Fund</b><br>for enhancing ASGM community development<br>70%  | <b>Swiss Better Gold</b><br>for producer verification & Association costs<br>15%       |                |
| <b>TECHNICAL ASSISTANCE FUND</b><br>for supporting ASGM in applying better practices        |  |  |                |
|   | Step 1   | Step 2   | Step 3         |
| 15%   | Technical Assistance remains a priority for Step 1 ASGM producers, who 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 |

| <b>SOCIAL/ENVIRONMENTAL FUND</b><br>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. |
| <b>SWISS BETTER GOLD</b><br>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

The **Technical Assistance Fund** supports the ASGM producers' effort to accompany and accelerate the continuous improvement process to reach Step 2 of the escalator. The 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 producers 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 producer. The Swiss Better Gold Association disburses the financial resources for the projects from the fund, whereas the producer 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.

The **Social/Environmental Fund** is allocated on the basis of project proposals handed in by supplying ASGM producers 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 producer participative approach, however, in this case, it means that the producer 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 producer is the standard rule for projects to benefit from the SBGF\*. The premium collected in the Social/Environmental Fund is eligible to the ASGM producer for 24 months after starting to generate the fund. It is possible for a producer 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 producers 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 SBGf contribution).

## DISCRETIONARY CONTRIBUTIONS

In order to contribute to the continuous improvement processes of the ASGM producers and as an additional incentive, Swiss Better Gold Association members can make discretionary contributions to specific producers who participate in the programme, irrespective of their production, sold volumes, or the step of the escalator they may be on. Discretionary contributions can also be intended for the overall Initiative (not earmarked), or the respective member can work out a “tailor-made” contribution together with the Association Secretariat depending on the needs of a/ various producer(s) and the member’s motivations. Although open to both member categories, support members are specifically encouraged to make discretionary contributions. These contributions are not tied to any purchases or communications requirements. A willingness to positively contribute to the SBGf and support Swiss Better Gold objectives must be apparent.

Swiss Better Gold Association supply members sourcing from Step 1 mines are encouraged to contribute to technical assistance activities, supporting these mines with a 0.5 USD / gr discretionary contribution to close gaps on the Swiss Better Gold escalator and accelerate compliance with the Swiss Better Gold Step 2 sourcing criteria. This Technical Assistance premium can apply to Step 1 purchases (usually a mass balance approach) or can be decided upon other criteria defined by the member and the Swiss Better Gold Association.

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 or recommendations. For more details, please consult the *Conditions of Corporate Membership (page 2)*.

## COMMUNICATION

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