

Swiss Better Gold Fund Policy

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1. Overview and objectives of the Swiss Better Gold Fund

The Swiss Better Gold Fund (SBGF or “the Fund”) is dedicated to driving impact and supporting measurable social and environmental improvements in artisanal, small- and medium-scale gold mines that participate in the Swiss Better Gold (SBG) programme.

The Fund works by:

- Co-financing impactful social and environmental projects, aiming to accelerate progress toward sustainable development within mining regions.
- Facilitating tailored technical assistance to help producers meet and maintain compliance with SBG sourcing criteria, ensuring long-term involvement in responsible gold value chains.

Direct reinvestment of the SBGF into artisanal, small-, and medium-scale gold mining organisations participating in the programme is a core pillar of SBG. Projects (co-) funded through the SBGF are guided by the underlying principles of the SBG sourcing strategy, such as environmental stewardship, social inclusion and legal compliance. Producers are responsible for applying these principles in the design and implementation of each project¹.

In line with the SBG principle of continuous improvement, the current structure and operation of the Fund may evolve over time to increase its reach and impact.

¹ Non-compliance with SBG criteria and policies may lead to disqualification of the producer from the SBG programme.

Objectives of the Swiss Better Gold Fund

The SBGF is funded by the purchases of downstream members (end buyers) of the SBG Association. In this way, the SBGF ensures tangible contributions from supply chain actors, supports the effective functioning of the SBG programme and enables the delivery of concrete improvements within mining organisations.

The SBGF has three inter-related objectives:

1. **Programme enablement:** The SBGF provides consistent funding to the SBG programme and enables core activities on the ground including technical assistance, monitoring, accreditation and independent verifications.
2. **Support for producer impact:** The SBGF strategically supports accredited mining producers and incentivises their participation in the SBG programme, providing cofinancing for impact projects that directly improve livelihoods, advance sustainable environmental management, and promote responsible mining practices.
3. **Long-term value chain relationships:** The SBGF aims to create a solid basis for long-term relationships between mines and end buyers as well as to establish lasting, responsible and resilient supply chains.

2. Structure of the SBGF

OVERALL IMPACT PREMIUM 1.35 US\$		
0.50 US\$	0.70 US\$	0.15 US\$
Technical assistance	Co-finance	Operational
Enable technical assistance on the ground to accompany producers to reach and maintain compliance with the SBG criteria	Co-finance environmental, social and governance impact projects that benefit accredited producers and/or nearby communities	Cover Swiss Better Gold operational costs to conduct independent verifications and association activities
Enable technical assistance on the ground to accompany producers to reach and maintain compliance with the SBG criteria		
Step 1	Step 2	Step 3
SBG implementing partners provide technical assistance on the ground to support producers in reaching and maintaining	SBG implementing partners provide technical assistance on the ground to support producers in reaching and maintaining compliance	Continuous support and monitoring of producers' performance against the

compliance with SBG sourcing criteria (Step 1). Technical assistance can also be deployed in the form of specific technical projects, which accelerate Step 1 producers' compliance journey with the SBG sourcing criteria (continuous improvement process ²).	with SBG sourcing criteria (Step 2).	SBG sourcing criteria (Step 1 and 2).
Co-finance environmental, social and governance impact projects that benefit accredited producers and/or nearby communities		
Step 1	Step 2	Step 3
Not applicable.	Co-finance environmental, social and governance projects with the generated premium that benefit accredited producers and/or nearby communities.	Co-finance environmental, social and governance projects with the generated premium that benefit accredited producers and/or nearby communities.
Cover Swiss Better Gold operational costs to conduct independent verifications and association activities		
This part of the fund covers the costs for independent verifications of accredited suppliers, as well as contributes to cover the Association's administrative costs, e.g. staff, communications, accounting.		

3. SBGF governance

Overall responsibility for the SBGF rests with the SBG Board of Directors. To ensure an effective operational and implementation framework for the SBGF, the Board delegates the execution of specific SBGF-related tasks to designated Board members, who constitute the **SBGF Committee**. The SBGF Committee has the following responsibilities:

- Programme oversight: defining, evaluating, and continuously improving the functioning of the SBGF.
- Project review: assessing (and when needed challenging) incoming project proposals to make sure these are aligned with the overall objectives of SBG and the SBGF, driving impact and supporting measurable social and environmental improvements in the mining operations and their surroundings.
- Project approval: approve, conditionally approve, or reject projects in line with the SBGF evaluation criteria (see section 8). For projects with a SBGF

² Under particular circumstances, technical assistance funds for project financing may also be used by producers on their way to reach Step 1, or by accredited producers (exceptions are considered by the SBGF Committee).

contribution surpassing 25,000 US\$, seek Board approval for disbursements.

- Communication to the Board: update the Board on SBGF activities and approved projects at every quarterly meeting.

On the operational side, implementation of the SBGF is supported by the onsite **implementation team**, which works directly with mining producers. Their role includes:

- Helping producers to identify potential projects.
- Supporting project conceptualisation and development (when requested by a producer).
- Supporting project implementation (when requested by a producer).
- Monitoring and evaluating project outcomes.
- Ensuring adequate reporting on the projects.

Additionally, the implementation team presents project proposals to the Committee and provides support in applying the evaluation criteria.

Any complaint or objection regarding the SBGF should be communicated either to the SBGF Implementation Officers or be expressed through the SBG grievance mechanism available on the website.

4. SBGF technical assistance

SBG technical assistance covers **all forms of technical assistance** provided to the mining producers. This includes continuous monitoring activities conducted by the SBG implementing partners, starting with the identification of interested and potential producers, elaboration of a gap analysis to gain clarity on their performance against the SBG sourcing criteria, on-site technical assistance to support the producers in reaching and maintaining compliance with these criteria, as well as continuous monitoring and accompaniment of accredited producers over time.

With these funds, SBG can also support technical assistance projects, which foster Step 1 producers' efforts throughout the continuous improvement process to reach compliance with Step 2 criteria. These projects support the closure of gaps identified in the respective Continuous Improvement Plans (CIPs). Producers should determine possible technical assistance projects together with the SBG implementing partner after the initial gap analysis has been established.

Technical assistance projects are based on a participative approach between the SBG Association and the producer. The Association disburses the financial resources for the projects, whereas the producer contributes to the project's implementation through in-kind contributions proportional to the size of the

operation, such as the provision of workforce, equipment or any other. These contributions will be agreed upon for each specific case between the producer, the SBGF implementation team, and the Committee.

SBG technical assistance is a solidarity mechanism, meaning resources are eligible for all mining producers that take part in the programme.

5. SBGF co-finance

This share of the SBGF is allocated based on project proposals made by fully accredited (Step 2) producers with the goal of:

- Co-financing improvements of ESG practices in mining operations beyond the SBG sourcing criteria and strengthen the resilience of mining organisations.
- Contributing to fostering sustainable development in mining regions via community projects that the producers define and implement together with their local stakeholders.

Designed as a **co-finance incentive**, the use of these funds is based on a supplying producer participative approach: the producer co-invests into environmental, social and governance projects along with the SBGF, applying a 50% - 50% approach as a standard rule³.

Specifically, SBG supports projects that are aligned with one or several of the following goals⁴:

- Be consistent with one or several of the **Sustainable Development Goals (SDGs)**.
- **Advance the professionalisation and formalisation** of ASGM producers through capacity-building, improved governance, and alignment with legal and regulatory frameworks.
- **Achieve measurable environmental risk reduction** by supporting practices that mitigate pollution, manage waste responsibly, and optimise resource use.
- **Promote sustainable resource management**, particularly in reducing contamination and ensuring the efficient and equitable use of water and other natural resources critical to mining operations.

³ Exceptions will be considered by the SBG 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 SBG 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).

⁴ Community projects should prioritise support to vulnerable populations, with a strong focus on women, youth, indigenous peoples, and other marginalised groups. Additionally, they should foster participatory, inclusive, and transparent approaches that empower local stakeholders, ensure community ownership, and promote long-term sustainability of the interventions.

- **Enhance working conditions and overall quality of life in mining operations** by strengthening occupational health and safety standards, upgrading onsite living facilities, including access to adequate recreational activities, and promoting the physical and mental wellbeing of workers.
- **Improve overall quality of life in communities** through targeted investments in healthcare, education, infrastructure, and inclusive economic opportunities, and by supporting other locally driven initiatives that enhance overall living conditions.
- **Strengthen climate resilience** by supporting initiatives that reduce communities' vulnerability to climate change, such as sustainable land use, sustainable agriculture, reforestation, and disaster risk reduction strategies.

To be approved, the project proposals are evaluated against the SBGF evaluation criteria (see section 8).

Any supplying producer should bear in mind that the recommended period for using SBG co-financing is 24 months, counting from the moment the premium is generated. If the supplying producer does not present a specific environmental, social and governance project within this defined time-period, these funds may be reallocated to SBG technical assistance as per decision of the Board of Directors. However, 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. In these cases, the producer shall notify the intention (proposal of the intended project) to the SBGF Implementation Officer before the said maximum time-limit. The request will be approved by the Committee. In the case of an exit from the SBG programme and if not used within the given period, the generated premium will be reallocated to SBG technical assistance after 24 months.

6. Discretionary contributions

In order to contribute to the continuous improvement process of the mining producers and as an additional incentive, SBG Association members may 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 programme (not earmarked) or defined 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 expected to make discretionary contributions proportional to the company's size in order to positively support SBG's objectives. These contributions are not tied to any purchases or communication requirements.

Association supply members sourcing from Step 1 mines are encouraged to contribute to SBG's technical assistance activities with a 0.50 US\$ / gr

discretionary contribution to support mines in closing gaps on the SBG escalator. 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 SBG.

A discretionary contribution corresponds to the specificities of a contributing member's CSR philosophy, philanthropic principles, or other motivations compatible with SBG's needs or recommendations. For more details, please consult the *Conditions of Corporate Membership (page 2)*.

7. Submission of project proposals

Project proposals are submitted to the SBGF Committee either directly by the mining producer or via the Implementation Officer. To access funding from the SBGF, producers should present:

1. SBG project proposal form signed by the producer's Board of Directors and/or another legal representative (standard form provided by SBG). In the case of a request over 50,000 US\$, the project proposal needs to be signed by two representatives of the mining organisation;
2. The form should clearly designate a contact person from the mining organisation who is in charge of the project design and implementation;
3. The producer's bank details for an account to which the Association can transfer funds in US\$ (name and address of the beneficiary, name and address of the bank, account number, valid SWIFT/BIC code). The bank account can be in the name of the producer, or any other legal or formal representative. In the latter case, the producer needs to provide a letter signed by the Board of Directors, or any other legal or formal representative (cannot be the same person as the account holder), which authorises the transfer and declares the final use of the funds according to the proposed project. Where the account beneficiary differs from the mining producer, SBG reserves the right to conduct due diligence on the designated beneficiary.
4. To access SBG co-financing, the accredited mining producer and SBG need to have signed the Cooperation Agreement.

Mining producers are strongly encouraged to work with the SBG Implementation Officers to co-develop the project proposals so that they meet the SBGF evaluation criteria (see section 8) from the start. The SBGF Committee requests more details and/or clarification from the producer if these are needed. Moreover, SBG has a broad network of contacts from various types of sectors and projects (other SBGF projects, or other projects known to the Association members) and offers the possibility to set up a peer sharing exchange between the interested producer and a relevant project, where the producer and SBG deem it useful.

Tender bidding and professional project supervision are highly recommended in any project size. In cases in which the total project cost is equal to or surpasses 100,000 US\$, both are mandatory and need to be evidenced to the Committee together with the project proposal.

8. Evaluation process

To ensure alignment with the SBGF objectives and guarantee a transparent approval process, project proposals pass through the evaluation process and are assessed against the following **criteria**:

Criterion	Objective
Aligns with one or more of the goals mentioned in the SBGF policy	Assess the project's alignment with the overarching goals of SBC co-financing outlined in section 5.
Provides logic and complete rationale of the project	Assess whether the project proposal presents a clear, coherent and sufficiently detailed logic and rationale, including how activities help to meet proposed outcomes.
Contributes to continuous improvement related to the SBC sourcing criteria	Assess whether, and how, the project proposal complements and contributes to strengthening the SBC sourcing criteria.
Capacity of the producer to co-finance 50% (financial resources and/or in-kind)	Assess whether the producer demonstrates sufficient capacity and commitment to co-finance 50% of the project costs, through financial or in-kind contribution, in alignment with the cofinancing principle of the SBGF.
Defines clear mechanisms to measure impact, monitor progress and evaluate results	Assess whether the project proposal includes clear and adequate mechanisms to measure impact, monitor progress and evaluate results, such as the use of clearly defined indicators.
Seeks a medium/long-term perspective (sustainability)	Assess whether the project proposal reflects a medium-to-long-term perspective and contributes to sustainable outcomes. This could include how a project fits within a broader or underlying impact of one producer or across different projects.
Potential for scaling the project learnings or replicating it within the same or other mines	This criterion seeks to promote projects that can be scaled or replicated within the same mining organisation, e.g. through a second phase, or replicated in other mines.
Additional criteria (if applicable)	
Responds to community and/or environmental initiatives that	Assess whether the project proposal responds to identified community and/or environmental initiatives and demonstrates meaningful community engagement. This needs to be evidenced through a formal written

involve the community, demonstrating engagement	agreement, commitment or any other documented evidence between the mine and the community representatives.
Includes, or has considered, the necessary permits, studies, and/or technical or financial documentation	Assess whether the project design includes or has adequately considered the necessary legal and procedural conditions, such as permits or studies and or technical/financial documentation.

All projects are assessed by the SBGF Committee. Based on the evaluation results, the Committee may approve, approve with conditions, or reject project proposals. For projects with a SBGF contribution surpassing 25,000 US\$, project disbursements require approval by the Association Board of Directors. In such cases, the Committee submits the project factsheet and evaluation score to the Board for consent.

If “approved with conditions”, the Committee issues a list of improvements that are deemed necessary to pass the evaluation criteria. The SBGF implementation team works with the producer to include these in the proposal. If “rejected”, the SBGF implementation team and the producer should review the project as a whole and either fundamentally improve the concept or opt for another project. The obtained score and reasons for it will be provided so that they can serve as a basis for modifying the project.

From the moment of reception, the Committee evaluates the projects within 2-3 weeks. If Board approval is needed, the process can take up to a maximum of 4 weeks. The outcome of the evaluation is communicated to the producer via the Implementation Officer.

9. Disbursement, implementation, monitoring and reporting

Disbursement: Once approved, the producer and SBG agree if the disbursement is made in one instalment or according to a defined disbursement plan.

Implementation: The mining producer is responsible for the implementation of the project as defined in the project factsheet. Any changes to the original project proposal have to be communicated to the Implementation Officer and adequately justified. Budget increases are eligible for co-financing if these are properly documented and justified. Generally, the Implementation Officer can support implementation if deemed necessary by the mining producer and SBG.

Monitoring and reporting: SBG monitors the projects that are supported by the SBGF. Each project proposal should therefore contain relevant indicators, which allow for an adequate evaluation of the results of the project. These indicators can be short-, medium- or long-term, depending on each project, and they can include monitoring activities by the Implementation Officers, such as site visits. The implementation and post implementation monitoring are subject to regular review and reporting specifically stipulated for each individual case and agreed

between the mining producer and the Implementation Officer. Generally, each project should include at least one progress report during implementation and a final report. The SBG Implementation Officers can support the elaboration of these reports, if requested by a producer.

10. SBGF supporting documents

- **SBGF project factsheets** for project proposals.
- **SBGF reporting format** to facilitate the reporting and monitoring process.
- The **SBGF project catalogue** is a compilation of previously supported and potential projects, which aims at providing practical guidance for the mining producers for the identification of projects to be implemented in their organisations.

11. Communication

SBG provides its members, its partner mines and civil society at large with regular information on the use of the SBGF, impacts achieved, beneficiaries reached and other social and/or environmental improvements, which result from the use of these funds. SBG only communicates on fully implemented projects.

12. Project examples

SBG technical assistance may take various forms to facilitate the path and compliance of the mining producer with the SBG criteria, such as (non-exhaustive list):

1. Acquirement and provision of Personal Protective Equipment (PPE);
2. Trainings on safe handling of hazardous substances (incl. explosives, cyanide & mercury);
3. Implementation of clean technologies (reduction & elimination of mercury use);
4. Technical advice & trainings in waste and tailings management;
5. Purchase of mining or processing equipment, which will improve working conditions, extraction and processing practices or CO₂ footprint (shaking tables, ventilation systems, electrical equipment with improved energy efficiency, etc.);
6. Strengthening of organisational and general management capacities;
7. Support in formalisation of policies and/or other documents;

8. Support in obtaining or renewing different permits to conclude full formalisation or post-formalisation follow-up;
9. Trainings on various topics (HR trainings for personnel at mine; Health & Safety awareness trainings, accounting, etc.);
10. Administrative & management support in opening commercial routes.

Examples for **SBGF co-finance** could be (non-exhaustive list):

1. Provision of electricity to the operation's neighbouring community;
2. Activities aiming at reducing diesel/fuel or other type of power consumption within the operation's production facilities;
3. Improvement of access to clean water supply;
4. Educational projects for community members, e.g. educational centres, digital training; or for the mining community, e.g. technical trainings to improve the production process;
5. Construction of community infrastructure, such as playgrounds or other recreational area, health or other first aid centres, refurbishment of access routes to/from mining communities;
6. Agricultural activities, animal farming or other complementary measures (e.g. animal vaccination) to benefit local communities;
7. Reforestation or rehabilitation of old mining sites;
8. Improvement or construction of enhanced tailings management systems, such as containment walls;
9. Formalisation programmes;
10. Emergency relief, e.g. food aid, to surrounding communities in the case of a natural disaster or other local emergencies.

Not eligible: Legal and statutory obligations (e.g. remuneration, licenses, membership fees, and legal consultations), as well as feasibility studies not followed by a confirmed project.