

IMO | 2.1.27 e Standard Procedures Control and Certification Fairmined

1. Basics

IMOSwiss AG (IMO) will perform independent third party audits and deliver respective certification services for ASMOs against ARM's Fairmined Standard for Gold and associated Precious Metals.

1.1 Quality Assurance

IMO ensures that a complete in-house quality assurance system, according to ISO/IEC 17065, is in place. This includes standard procedures for all important aspects of activities (incl. data handling and filing) and quality management of personnel.

IMO has to ensure that all personnel involved in audits, evaluations or certification decisions has received appropriate training in the Fairmined Standard requirements, as well as social auditing techniques and has received all related procedures and quality manual documents.

IMO takes all appropriate measures to prevent conflicts of interests. Any potential conflict of interest of auditors and certification staff are kept on file in a staff database. Any relevant restrictions resulting from the declared and identified conflict of interest are outlined and considered in work assignments.

Performance of staff and their impartiality (freedom of conflicts of interest) is regularly monitored in order to promptly recognise any shortcoming and improve performance continuously. IMO may invite external experts or qualified bodies to review and scrutinise its certification decisions and procedures (subject to confidentiality agreements).

Auditors and certification officers are acting on duty for the certification body and no verbal abuse or offense can be tolerated. In case of problems, the auditor must report to the certification body for mediation or mitigation wherever possible. In severe cases an audit may need to be discontinued.

1.2 No Discrimination

IMO will accept all candidates' applications registered and channelled by ARM and certify all qualified applicants to the extent of its administrative capacity. However, IMO reserves the right to refuse applicants or certification when there is reasonable suspicion that there are reputational risks associated to particular ASMOs and operators in the system.

1.3 Data Security and Confidentiality

In order to safeguard its objectivity and independence, IMO maintains a secure data handling system.

All IMO personnel, including those who render services on a freelance basis, have signed an agreement to keep all private information gained in the course of the audit and certification procedures, strictly confidential. Such information may only be passed on to named third parties on the specific request of the ASMO. Certain data may, however, have to be disclosed to the accreditation agency, which in turn are strictly bound to confidentiality.

The name and the certified products of the certified operations are considered public information and may be disclosed by IMO in publications or on request.

If in the course of staff interviews confidential information is revealed, anonymity will be strictly granted in order to protect the informant from possible negative impact or punishment.

As a principle, IMO does not engage in consultancy of certified operations or product development. IMO and its personnel are bound to remain strictly unbiased and brand neutral and will not engage in trading activities of any kind. Any personal engagement that could lead to conflicts of interest has to be declared to IMO and will be duly considered when assigning the person to a particular job.

1.4 Costs and Services

All expenses necessary to conduct the audits, evaluations and certification are charged to the ASMO as indicated in the annual offer and invoice (incl. transportation, accommodation and alimentation for the auditor). In case of additional services requested by the client during the year and unforeseen complications, the additional costs will also be charged to the ASMO. IMO strives to minimize the costs and offers combined assignments for different customers where possible. All invoicing is done on the basis of the actual, publicly available, list of fees. Certification may be withheld until full payment of all invoices is received.

2. Application for Certification

IMO receives the application documents of the ASMO that has been evaluated and accepted by ARM. Based on the screening of the project's application documents, the required time for the audit and certification(s) is estimated. Any further questions on the scope of activities etc. are clarified with the applicant and/or with ARM. IMO will send to the ASMO an offer ("budget" or "cost estimation") for approval, which functions as prepayment invoice if approved.

Confirmation of the cost estimate is considered as confirmation of the ASMO's application. In due course the certification contract for Fairmined certification is signed, in which the applicant confirms that he will work according to the certification requirements and will grant access to all information needed for evaluation of performance

Once the application is confirmed the audit is planned. An ASMO is only certified and thus entitled to market any of its produce as certified after the certification procedures have been successfully finalized.

3. Preparation of Audit

3.1 Preparation by IMO

If the application has been approved and the advanced payment has been received, the date of audit is set and the visiting programme defined. The audit cannot take place without prior prepayment (80% of the offer).

In proposing an auditor, IMO takes into account the auditor's qualification with regard to specific knowledge and experience in social and fair trade auditing, knowledge of the mining sector, language, gender, national culture, etc. as well as time availability. The auditor will then receive all relevant documents for preparation including previous certification documents, if any. He / she is bound by the confidentiality agreement signed for all private information gained in the course of this work. For quality assurance, auditors are normally changed after a maximum of 4 years, but exceptions can be decided by IMO.

The audit date and auditor is announced to the project at least 7 days in advance and the audit schedule agreed. The operation also receives the following information for a due preparation for the audit:

- List of key personnel to be met by the auditor.
- list of documents to be kept ready for the audit

With the notification of the audit date or earlier, IMO will send to the ASMO the self-assessment form with the indication to fill it at latest at the beginning of the audit.

3.2 Preparation by the ASMO

In order to perform an efficient and professional audit, the ASMO is requested to prepare the visit the best way possible. The ASMO shall be aware of the applicable requirements of the Fairmined Standard and shall have taken appropriate measures to ensure, or at least be working towards, compliance. Of course these measures will also be discussed in detail during the audit.

The company needs to complete the self-assessment form against the Fairmined Standard and have it ready at the beginning of the audit.

The people in charge (e.g. manager, mine supervisor, etc.) and the concerned staff / members of the operation (e.g. workers representatives, miners representatives) shall be informed before the audit in order that they will be available to participate in the audit. Necessary transportation (e.g. to mine operations located in different areas) should be organized.

All documents concerning the Fairmined certification are to be kept ready for audit, mainly:

- all legal documentation
- records of payments
- improving plans as requested by the standard

(See details under Annex 2 List of documents according to the Fairmined Standard).

4. Audit and Evaluation

4.1 Frequency of Audits

As a standard procedure, a full announced audit of each certified ASMO will take place once per calendar year. Additionally, IMO may at any time conduct unannounced spot checks or additional audits. In case of additional audits conducted to clarify indications / evidences of major non-compliance with the Fairmined standard (according to the decision taken by the Certification Committee), the costs shall be covered by the ASMO. In case additional witness audits are deemed necessary in order to exclusively verify IMO's compliance with the accreditation requirements, these audit costs will be covered by IMO.

4.2 Audit Procedures

The overall aim of the audit is to assess the efficacy of the ASMO's performance with regard to the control points derived of the Fairmined Standard. During the audit it is checked whether or to what extent the ASMO meets the certification requirements as outlined in the Fairmined Standard for the applicable year and scope.

The audit covers normally the following steps:

1. Opening Meeting
 - Initial meeting with senior management and managers responsible for key functions
 - Miners and workers representatives may participate in the meeting (desirable, if possible).
 - The auditor confirms the purpose and scope of the audit as well as the audit schedule.
 - Discussion of measures taken by the ASMO to ensure compliance with the Fairmined Standard. This part is particularly important for first audits.

- Screening of basic description of the ASMO: application form, Register and Description of the Fairmined System of production.
- Confirm participation of key informants during the audit (e.g. HR manager, safety manager, etc.) as well as organisation of miner's interviews.
- Collection and indication of key documents needed for the audit.

2. Verification tour

- Visit to the mines and processing plant(s) in the System of Production of the ASMO. The number of operational sites to be verified during the audit will be:
 - At least 50% of the mine entrances / shafts / pits registered in the System of Production of the ASMO.
 - Up to 75% of these units, according to a risk-based approach, and especially if there is no internal monitoring system about the working conditions in the System of Production of the ASMO.
- Observation of the responsible mining practices as required by the standard (according to the applicable responsibility level, to the timeframe of expected compliance and to the audit scope of each requirement as defined in the standard), focussing on following issues:
 - management of toxic substances
 - measures for environmental protection
 - labour and employment conditions (see details below)
- Meeting with senior management and managers responsible for key functions
- Visit to a sample of mines and processing plant(s) exempted of the System of Production of the ASMO, but operating in the same mining area (according to the particular situation of each ASMO).

3. Verification of labour and employment conditions

- Site tour of the operation units of the ASMO (including all exploitation, processing, storage and office areas) in order to verify health and safety aspects, physical working conditions and implementation of procedures. Special focus:
 - health and safety conditions in the workplaces (incl. risk analysis and monitoring)
 - machine protection and maintenance
 - use of personal protective equipment
 - training of miners on health and mining security risks
 - first aid provisions and procedures
 - emergency procedures (incl. training of miners/workers and existence of rescue plans)
 - fire, rescue and emergency equipment
 - hazardous substances/material storage, handling and disposal
 - waste management
 - toilets, sanitation, water, canteen hygiene and safety; dormitory conditions, if applicable
 - presence of young workers, position of women miners/workers, indications of discrimination, restriction of workers movements, indication of infringements of workers' dignity, general atmosphere
 - communication displayed to workers or information relating to trade unions, workers committee meetings etc.

- Review of company policies, procedures and records. Interview with relevant management.
- Review of selected staff files and records, with special focus on:
 - miners/workers files, contracts
 - payrolls
 - working time, overtime
 - annual, sick leave
 - provisions for social protection
 - training records
 - disciplinary actions
- Miners and workers interviews, according to following guidelines:
 - Number of interviews: in principle, the square root of the total number of workers. If there is an internal monitoring of the working conditions, this number may be reduced by the auditor according to a risk-based approach and according to the efficiency of the implemented internal monitoring system.
 - Miners/workers are selected by the auditor according to the existing type of operations, focussing on higher risk operational activities.
 - Interviews take place in formal (e.g. in meeting area) and informal setting (in the work place) and without any management or supervisory staff being present.
 - Interviews and information given therein is confidential. Problems raised by workers are discussed with management in a non-attributable way and the auditor must make sure that any comments they report cannot be traced back to an individual worker

4. Verification of the Internal Control System (ICS)

- Verification (and discussion with the responsible person for the ICS, if necessary) of the explanations given about the ICS in the document(s) describing the System of production of the ASMO
- Observation of the practices and records of the ASMO for ensuring internal traceability of the mineral and metal flows within its Fairmined System of Production, from extraction to final sale to third parties. The minimum documented information shall include:
 - List of all miners and processing units that deliver gold minerals and tailings to them (delivery documents 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)
 - payment (if applicable onsite)
- Evaluation of the efficacy of the ICS for ensuring that only gold originating from the ASMO's Fairmined System of Production is sold as Fairmined Gold (incl. in case of subcontracted services providers)
- Interview to the responsible person for the ICS

5. Trading practices and Fairmined Premium

- Verification of sales documentation (contracts or agreements, invoices, records about prices and premium paid, business licence of any local buyers)

- Verification of information about sales registered in the ARM's Fairmined Information System
- Verification of the establishment and functioning of the Fairmined Premium Committee, focussing on:
 - documented rules for the composition and composition of the Committee (incl. approval process and communication of the rules),
 - documented decision processes according to the Fairmined Development Priority Plan of the ASMO,
 - reports about the reception and use of the Fairmined Premium (e.g. incoming premium records, expenditure records, summary reports for trade partners)
 - review of communication with trade partners, prompt payment of supplier's invoices, price agreements and trade contracts, promotion of fair trade, etc.

6. Reporting and Evaluation of Findings

- During the audit the auditor completes the audit report(s) and documentation of findings. The performance for each control point is rated as:
 - YES = Compliant with the Fairmined Standard
 - NO = Non-compliant
 - AC = Acceptable with conditions
 - NA = Not applicable
- Any non-conformities shall be described in detail including their severity, evidence found and whether the issue seems of a systemic nature or on-off/isolated.
- In some cases the report cannot be completed fully during the onsite audit, but in this case the auditor should at least prepare a written summary of findings, and a list of identified non-conformities and corrective actions (as proposed by the ASMO or by the auditor).

7. Closing Meeting

- Final discussion with the managers to confirm the overall findings of the audit.
- In critical cases the auditor can decide not to disclose the complete audit report and all findings in detail to the management, since it may contain critical information received from workers.
- Key findings and necessary improvements to correct fields of non-compliance are discussed and the list of planned corrective actions updated accordingly. The ASMO is informed on additional documents or information to be handed in.
- If ready, the preliminary audit report is signed by the auditor and by the ASMO to confirm information is correct. At least, the audited operation receives a written list of non-conformities and proposed corrective actions.

8. Special provisions for Fairmined Ecological gold

Whenever ecological certification is requested, some additional audit procedures will be applied as follows:

- In case the ASMO uses an external service provider for the processing of gold, the ASMO shall have a documented monitoring system about the environmental situation at

the contracted processing plant (covering all the items as requested in the Fairmined standard).

- All legal documentation related to the environmental situation of the processing plant (environmental impact studies and license) and the documents related to the monitoring by the ASMO have to be available for the IMO auditor in order that he can verify it during the audit.
- According to a risk-based approach, the IMO auditor will decide if he/she needs to do any physical verification at the processing plant.
- Physical traceability will be specifically verified in all cases, according to the Fairmined roles.

4.3 Evaluation

The process of evaluation includes the evaluation of performance during and after the audit. The auditor starts the evaluation of the operation's performance during the audit and continues after the audit when writing the complete preliminary report of the inspection report. This report is based on the reports checklist completed during the audit, and review of any additional documentation collected during or after the audit.

Once the auditors' final report is received in the certification office, the evaluator verifies that all procedures have been performed as required and that documentation is complete and sufficient. Based on all the information in the audit report and in the Register and the descriptions as presented by the ASMO, it is evaluated to what extent the applicant fulfils the certification requirements.

If necessary, conditions and sanctions can be imposed in addition to the measures already agreed on between the auditor and the ASMO. If the ASMO fulfils the certification requirements, no corrective measures will be imposed. Also, recommendations may be given to improve the ASMO's performance.

After finalizing the evaluation, the documents are submitted to the certification officer for the final certification decision.

5. Certification

5.1 Decision on Certification

Certification is the final assessment and approval of the evaluation results with regard to an ASMO's compliance with the certification requirements. Certification is strictly separate from the audit and is always done by a certification officer.

In order to be certified, the ASMO must fulfil all applicable MUST requirements, in line with the progressive nature of the Fairmined Standard. If control points are not fulfilled, sanctions of category A, B and C will be imposed according to the nature of the detected non conformities (see Annex 1 IMO Fairmined Sanction Policy).

IMO reserves the right to take individual certification decisions based on the overall performance evaluation of the ASMO. In case of complex or unclear findings the certification officer reverts the final decision to the Certification committee.

IMO will inform ARM about the certification decision as soon as it has been taken.

The validity of a certificate goes from the date of issuance until 18 months after the first day of the audit. In order to maintain the validity of the certificate, normally an annual follow-up audit will be carried on within 12 months from the date of inspection. As an exceptional procedure applied only

for the first year of certification, the 12 months' period before until next year audit will be established from the date of the issuance of the certificate.

5.2 First Certification

1. Positive Certification Decision

If the activities are found to be in compliance with the Fairmined Standard, certification will be granted. There may be certification conditions with indicated deadlines for corrective actions and recommendations may be included for the improvement of the ASMO's performance.

The ASMO receives a certification notification from IMO, together with the summary assessment and the operation certificate valid for a minimum of one year.

Also the ASMO receives the invoice for the audit according to the current tariff.

2. Procedures in case Certification cannot be granted

In case the ASMO does not comply with the minimum requirements for certification, a notification of non-compliance together with an indication of necessary fields of improvement will be sent by IMO.

The ASMO then has to inform IMO of his plan for implementing the corrective measures and of the measures already taken. The ASMO can also submit written proof to rebut the certification decision according to procedures laid down in chapter 7.

IMO will then evaluate the situation again and, if possible, issue the certification or else a written notice of denial of certification.

In critical cases, IMO may find it necessary not to reveal the full audit findings to the ASMO in order to protect e.g. workers who have given sensitive, critical information. In this case, IMO will prepare a justification and summary of findings for the ASMO in order to allow the operator to react to the non-compliances but without revealing any details that could allow the ASMO to identify the source of critical information.

5.3 Procedures in Case of Re-Certification

1. Positive Certification Decision

If the actual audit proves that the minimum requirements are still fulfilled, the ASMO receives an updated certificate, the certification notification, summary assessment and audit report.

2. Procedures in case Certification cannot be granted

If the ASMO has been certified before and requires continuation of certification, but the minimum certification requirements are no longer fulfilled, the ASMO is informed in a letter of non-conformity to take appropriate corrective measures. If correction of the non-conformity is not possible or correction of non-conformity is not completed within the prescribed time, the ASMO will be notified of the withdrawal of certification for a certain time (suspension) or for good (withdrawal). Depending on the severity of the violation, suspension of certification may be with immediate effect.

If the certification is suspended the ASMO is informed in writing that they are no longer allowed to make any reference to Fairmined certification on any product labels or PR material. ARM will also be immediately informed about any suspension. Suspended ASMOs can submit proof of corrected non-compliances and, with or without an additional audit depending on the case, certification can be reinstated. If compliance is not reinstated within a maximum of 12 months, the certification is withdrawn.

In certain cases of minor shortcomings, IMO may rule that the certification is only temporarily suspended, without any effect on marketing activities, for a maximum of 6 months, within which time correction of non-compliances must be confirmed if certification is to be resumed. In this case the

ASMO may market produce as certified, but may be required to inform all trading partners of the suspension and his plans to restore compliance within 6 months.

If certification has not been granted or had to be withdrawn, the ASMO can request at any time to take up certification procedures again and hence schedule another audit to confirm that it is again compliant with the certification requirements and can be granted certification. Depending on the time frame between the first audit and the follow-up and the fields of non-compliance, IMO can decide to focus the additional audit on selected issues only. Certification decisions can be appealed, as outlined in chapter 7.

6 Continuation of Certification

6.1 Communication

A certified ASMO must notify any substantial change in the activities or in the measures taken to ensure compliance with the Fairmined Standard by submitting an updated version of the Register and the Description of its System of Production before each annual audit. Any new activities need to be approved / audited by IMO prior to considering them part of the certified operation.

The ASMO is obliged to notify the certification body if ever there is any knowledge or suspicion of any major breach of the STANDARD, which may jeopardize the continuation of certification. In such case the ASMO describes the problem and suggests corrective measures. Depending on the severity, IMO will decide whether certification will be suspended for a certain period or must be fully withdrawn until e.g. another audit confirms compliance again.

6.2 Annual Audit and Continuation of Certification

As a standard procedure, each year a full on-site audit of all certified ASMOs is conducted by IMO. The findings are evaluated in detail and the operation proposed for certification.

The procedures for these steps are described in the chapter "Audit and Evaluation". Then, certification is granted or withdrawn as described in the chapter "Certification".

IMO reserves the right to conduct additional unannounced audits or additional investigations at any time. Based on the results of these unannounced audits, the certification status of an ASMO may need to be reviewed and certification may be suspended as a result, as described in the chapter "Certification".

A company is free to cancel the certification contract in line with the terms indicated in the contract.

6.3 Exceptional Withdrawal of Certification

Certification and the right to make claims of certified Fairmined production can be withdrawn at once or at a given deadline under any of the following conditions:

- Cancellation of the contract by the ASMO or IMO
- Refusal of audit
- Refusal of information
- Attempted fraud, bribery or willingly submitted false statement
- Evidence that Fairmined certification is being misused to cover up unfair and / or unsocial practices
- The ASMO has not paid the applicable fees to IMO in due time

In all the cases mentioned above the ASMO will receive a notification and deadlines. In order to be legally valid, cancellation of contracts must be done within the timeframe agreed in the contract. Immediate cancellations of contracts by IMO are always to be approved by the managing board of

IMO and are subject to possible appeal. This applies also to decisions for suspension or withdrawal of certification due to outstanding payments.

7 Appeals and Complaints Procedures

Any ASMO which has been audited by IMO against the Fairmined Standard can appeal the certification decision. The ASMO is informed about its right to appeal in the IMO certification notification. The following summarized procedures are followed:

- a) Within 14 days of receiving the certification letter, the ASMO submits a written rebut of the described facts to the control body by submitting new evidence or additional justification.
- b) IMO informs ARM about the received appeal (max. 4 weeks after receiving the appeal). Both entities discuss if the appeal will be handled directly by the certification staff (in simple cases) or by the Certification committee (complex situations).
- c) On this basis the Certification officer / the Certification committee re-evaluate the situation. All revision steps are duly documented.
- d) The result is communicated to the ASMO in writing, either as revised certification notification or explanatory letter.

In the event of outstanding complaints or allegations or when the Certification Committee has doubts over the adequate course of action, the complaint or allegation must be raised to the Fairmined Standards Committee who will have the final say on the course of action.

The ASMOs can also present their complaints against the manner that IMO provides its services in general, and IMO is obliged to handle it according to its approved procedures (see detailed procedures under IMO I, 4.5.3 Appeals and complaints procedures).

The procedures for dealing with informations received from third parties concerning an alleged breach of certification standards by a certified ASMO are also outlined in the above mentioned document.

8 Amendment of the Standard

It is the ASMOs' obligation to ensure that the most up-to-date version of the applicable Fairmined Standard is at hand. The Fairmined Standard is available on the IMO and on the ARM websites (www.fairforlife.org. and www.communitymining.org/en).