



PILOT AMENDMENT PROJECT FOR THE COMPOSITION RULES OF FAIRMINED LABELED PRODUCTS

On August 20, 2014 ARM's Fairmined Standards Committee approved the implementation of a pilot project to assess the feasibility and relevance of the following amendment to the Fairmined Standard v 2.0:

To modify the text of criterion 2.2.5 of the Market Annex regarding the composition of Fairmined consumption products so it reflects the technical reality of the jewelry sector, where there are a variety of sub-products that have been pre-manufactured using jewels that are not available in Fairmined quality. The current text of the 2.2.5 criterion states the following:

"Year 0/ Entry:

Pre-manufactured jewelry parts that are not sourced from the Fairmined supply chain cannot exceed 15% of fine gold content. At least 85% of the gold used in the jewelry product must be certified gold.

However, this requirement does not apply for mechanic elements of watches; in said case, the watch case must be 100% Fairmined Gold (see 2.2.4)."

The potential amendment to be pilot tested will modify criterion 2.2.5 in the following way:

"Year 0/ Entry:

Pre-manufactured jewelry parts that are not sourced from the Fairmined supply chain cannot exceed 15% of fine gold content. At least 85% of the gold used in the jewelry product must be certified gold.

However, this requirement does not apply for mechanic elements of watches; in said case, the watch case must be 100% Fairmined Gold (see 2.2.4)."

This requirement does not apply for lock mechanisms if the jewelry piece is part of a collection and if there are no Fairmined operators who offer said lock mechanism or it cannot be reasonably produced by Fairmined sources. This exemption must be consulted with the person in charge of the Fairmined Account."

A jewelry collection is a set of jewelry pieces marketed under a theme shared by all of its comprising pieces.

The pilot process for this potential amendment to the Standard lasts 2 years, according to the amendment pilot process approved by ARM's Standards Committee.

This pilot project began on September 1st, 2014 and ends on August 31st, 2016.



Monitoring the pilot

After the two-year pilot period for the amendment, these are the main conclusions regarding the monitoring of the results of the pilot:

1. There is a common sentiment from several Fairmined licensees that all pre-manufactured jewelry parts are not yet available in the market under the quality of Fairmined.
2. According to the experiences that jewelers have shared with the Fairmined and Standards and Certification units. They recommended to continue with the pilot as proposed because the jewelry industry has not yet responded or has not grown to a significant level that allows naturally to have providers for all pre-manufactured jewelry products with the Fairmined quality.

For such reasons, it is considered to extend the pilot period from September 1st, 2016 to August 31st, 2018 allowing for further market growth. These results will be included in the next revision of the Fairmined Standard.