



## FAIRMINED STANDARD AUDITING AND CERTIFICATION PROCEDURES

For auditing and certification firms

**Alliance for Responsible Mining (ARM)**

If you have any questions in relation to this document, please contact:  
[cert@responsiblemines.org](mailto:cert@responsiblemines.org)

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## INTRODUCTION

The Alliance for Responsible Mining (ARM) is a global initiative that was born in 2004 with the purpose of transforming Artisanal and Small-Scale Mining (ASM) into a socially and environmentally responsible activity that improves the quality of life of artisanal and small-scale miners and their environment.

ARM developed the Fairmined Standard with the goal of giving miners the opportunity to produce gold in a responsible manner, and of providing them access to fair supply chains.

**Mission:** We facilitate the empowerment of artisanal and small-scale miners, their organization and the adoption of good practices, fostering a favorable setting for their integration to formal economy. We develop systems of voluntary production and commercialization standards and support the creation of responsible supply chains.

**Vision:** A lawful, responsible and profitable artisanal and small-scale mining that fosters an inclusive and sustainable development.

## Terms

This document will contain the following terms for reading convenience:

- **ARM:** Alliance for Responsible Mining.
- **Auditing firm:** independent third-party company or firm that provides its auditing and certification services for evaluating the compliance with the Fairmined Standard for gold and precious metals associated with Artisanal and Small-Scale Mining Organizations undergoing certification, or which require recertification.
  - **Auditor:** Person hired by the auditing firm, trained by ARM in the Fairmined Standard. This person is charged with performing document and physical verifications related to the compliance with the Fairmined Standard.
  - **Evaluation committee or evaluator:** Persons other than the auditor hired by the auditing firm and trained by ARM in the Fairmined Standard. These persons are charged with evaluating the proofs of compliance with each requirement of the Fairmined Standard and decide on whether to grant the certification.
- **ASM:** Artisanal and Small-Scale Mining.
- **ASMO:** Artisanal and Small-Scale Mining Organization. An ASMO is an organization that has been established with the purpose of performing and facilitating a responsible Artisanal and Small Scale Mining, constituted based on the legal, social, cultural and organizational state of the local context. An ASMO has the direct (held by the ASMO), indirect (held by the ASMO's miners)

or contractual legal rights and environmental permits to engage in mining. An ASMO is the holder of the certification and therefore is ultimately responsible for the compliance with all of the STANDARD's requirements. However, compliance will be verified based on responsibility levels; in other words, within the Fairmined Production System, within the entire ASMO, or within its associated community, depending on the purpose of each requirement.

- **Fairmined certified Gold:** Fairmined certified gold is extracted, processed, refined and traded as per the STANDARD. Within the STANDARD's document, "gold" refers to gold and associated precious metals that are part of the same mining exploitation effort by the ASMO. In this document, "Fairmined Gold" refers to the gold of certified mining producers that can be traded as per any of the market options outlined in the Fairmined Market Annex.
- **Fairmined Production System:** Before getting Fairmined-certified, the ASMO defines the scope of its Fairmined Production System through the inclusion (or lack thereof) of areas, processes and miners. The Production System is an inclusion scheme that involves consensus-building processes by which the miners that work in the ASMO's region may or may not accept taking part of a certification process from the start. Miners that are not ready to be a part of the system will not be included, following clearly-established, non-discriminatory and objective criteria. The ASMO is expected to make every attempt to progressively get all miners in its mining region under the wing of the Fairmined Production System.

## Scope: Fairmined Standard

The purpose of the Fairmined Standard is to create opportunities for artisanal and small-scale miners and their communities. The overall objective of the Standard is to foster the progressive organization and the formalization of the ASM sector, ultimately generating safer working conditions for miners, labor rights and stronger ASM organizations, with the ability to have a political influence in lawmaking and public policy toward the promotion of their rights and facilitate the development of a responsible ASM sector. The Standard is built on top of the compliance of Artisanal and Small-Scale Mining Organizations (ASMO) with the corresponding national laws.

It also includes certain commitments for authorized Suppliers and Fairmined Licensees, as per the supply model that they choose to ensure the traceability of Fairmined gold, a fair price, the payment of the Fairmined Premium, and accurate claims.

The latest version of the Fairmined Standard is [version 2.0 / ARM - 05 April 2014](#). It replaces Version 1.1 / ARM - 01 May 2013. Its structure is as follows:

- The Fairmined Standard (scope: the ASMO and the first authorized supplier)

0. General description and orientation
  1. General requirements
  2. Environmental protection
  3. Working conditions
  4. Fairmined Premium governance and Development plan
  5. Business relations
- Fairmined market annex (scope: Fairmined suppliers and licensees)
  - Term glossary

In the event that ARM publishes new versions of the Fairmined Standard, ASMOs and auditing firms will be informed about the implications for the performance of auditing and certification processes. Furthermore, a version transition period will be defined, and this may imply a modification of these procedures. The current version of the Fairmined Standard will be published at the following website: [www.fairmined.org](http://www.fairmined.org)

Fairmined certified ASMOs must comply with all criteria of the Fairmined Standard, with the exception of a few contained in the business relations chapter, that will not apply to them. The Fairmined Standard is progressive, which means that the ASMO must certify the compliance with certain requirements on each recertification audit. Progress and cumulative requirements apply on years 1, 3, 6 and 9.

In order to ensure the formalization of ASM miners, and that they comply with the responsible practices outlined in the Fairmined Standard, there is a stringent third-party certification system in place. ARM also has a complementary document called “*Fairmined assurance system for Fairmined authorized suppliers and Fairmined licensees*” that outlines the process that must be followed by auditing firms that audit Fairmined authorized suppliers and licensees.

ARM has a process in place for the recognition of auditing firms toward the performance of Fairmined audits and offers training processes for their auditors. Fairmined audits may only be performed by auditors that have participated in, and successfully passed, the courses and competency tests outlined by ARM, as well as another set of specific context-related elements (knowledge of the mining sector, national laws, national culture, language, etc.). The requirements for approval of Fairmined auditors are outlined in the document “*Selection and approval for audit bodies*”.

Auditing firms recognized by ARM will verify the current version of the Fairmined Standard, which is why they must contact ARM to request said version.

## Main stakeholders of the Fairmined supply chain

The Fairmined assurance system includes all processes to guarantee credibility and coherence in the compliance with the Fairmined Standard by all those involved in the Fairmined supply chain. The duties of the main stakeholders of the Fairmined supply chain are as follows:

CERTIFIED MINES



AUTHORIZED SUPPLIERS



FAIRMINED LICENSEES



- **ASMO:** a formal organization established with the purpose of conducting and facilitating a responsible Artisanal and Small-Scale Mining, constituted based on the legal, social, cultural and organizational state of the local context. An ASMO has the direct (held by the ASMO), indirect (held by the ASMO's miners) or contractual legal rights and environmental permits to engage in mining.

An ASMO is the holder of the Fairmined Certification and therefore is ultimately responsible for the compliance with all of the Fairmined Standard's requirements. Its compliance will be audited based on responsibility levels and the year of certification.

- **Fairmined authorized suppliers**
  - **First authorized suppliers:** companies that directly participate in the purchasing of Fairmined Certified Gold from the ASMOs. The authorized suppliers must sign a "Permit to Trade" and comply with the corresponding requirements of Chapter 5 of the Fairmined Standard on the following matters: business relations, Market annex, Trade Authorization and Fairmined brand manual. The first authorized suppliers have a special responsibility in the Fairmined supply chain, since they pay the fair Fairmined price and the premium of the Fairmined certified mining organizations.
  - **Other Fairmined authorized suppliers:** anyone within the supply chain that buys Fairmined Gold from a first authorized supplier and wishes to trade in, or transform, Fairmined Gold as refiners, traders, manufacturers or smelters. In order to become a Fairmined authorized Supplier, they must sign a Trade Authorization and comply with the corresponding requirements in Chapter 5 of the Fairmined Standard on the subjects of business relations, Market Annex, Trade Authorization and Fairmined Brand Manual.

- **Fairmined Licensees:** companies that use Fairmined metals to manufacture consumer products using the Fairmined label to promote those products. These companies enter into a License Agreement with ARM with the purpose of becoming Fairmined Licensees, and must comply with the corresponding requirements in Chapter 5 of the Fairmined Standard on the subjects of business relations, Market Annex, License Agreement and Fairmined Brand Manual.

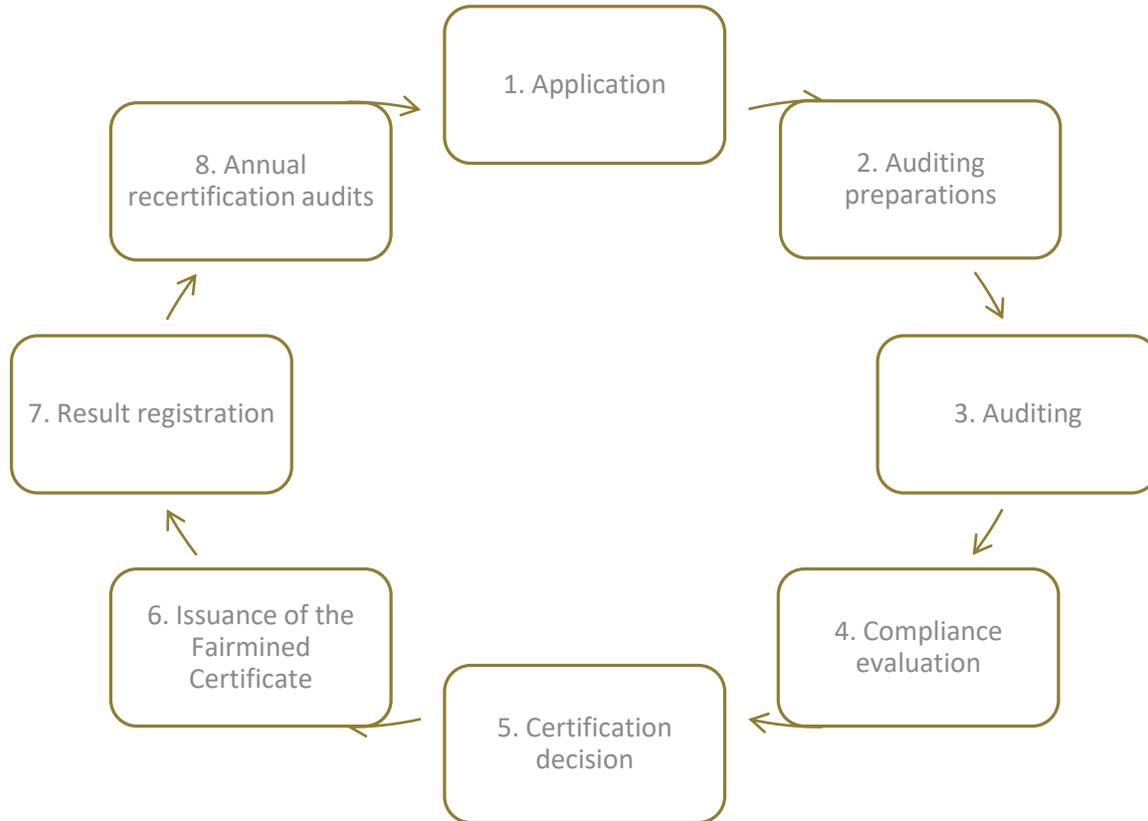
With the purpose of guaranteeing the credibility of the Fairmined brand and the compliance with the Fairmined Standard, all processes are verified by the auditing firms and/or by ARM's Standard and Certification Department. ASMOs undergo auditing and certification processes, and other stakeholders in the chain are subject to audits that allow for the confirmation of their trade authorization, which does not imply a certification process. This document outlines the procedures for ASMO auditing and certification.

### **Purpose of this document**

This document has been created by the Alliance for Responsible Mining with the purpose of establishing ASMO auditing and certification procedures to be fulfilled by ASMOs and auditing firms. Furthermore, it outlines basic covenants related to the relationship between ARM, the ASMOs and auditing firms.

## FAIRMINED STANDARD ASMO CERTIFICATION PROCEDURES

The process for the certification of an ASMO comprises the following general steps that will be explained in detail further in this document.



### 1. Verification and evaluation of the application form

In order to formalize the beginning of the Fairmined Certification process, the ASMO must submit the Application Form and its annexes, appropriately completed and signed, to [cert@minasresponsables.org](mailto:cert@minasresponsables.org).

The ASMO may choose to apply for the Fairmined Certification or the Ecological Fairmined Certification. When an ASMO applies for the Ecological Fairmined Certification, it must prove during auditing that its operations are free from the use of mercury and cyanide, and that it is committed to reducing environmental impacts.

The following must be annexed to the application form:

- **Copy of the identity document of the legal representative of the ASMO.**

- **Copy of the certificate or proof of legal registration** of the ASMO:
- Company register number issued by the corresponding national authorities, if applicable (E.g., in Colombia this is the Chamber of Commerce)
- Tax Identification Number. (E.g., in Colombia this is the RUT)
- Copies of **property deeds**, lease agreements, or copies of the land registry record for the surface lots in use for the purposes of the operations included in the Fairmined Production System of the ASMO.
- Copies of **concessions in effect and/or exploitation contracts** of the ASMO, its partners and members, its miners or companies registered with the ASMO and that take part of the Production system.
- Copies of the **environmental license authorization** for the operations included in the Fairmined Production System of the ASMO.
- **Sketch map of the mining area** of the ASMO and the surrounding mining community (where applicable).
- **Flowchart** of the Fairmined or Ecological Fairmined Production System (if not contained in the plan).
- **ASMO organizational chart.**
- **List of miners:** full list of miners of the ASMO, specifying which miners are part of the Fairmined Production System.
- **ASMO Self-evaluation** completed and available at the time of the auditing in the Checklist form provided by ARM. It is recommended for it to be ready when applying; however, it may be submitted at the moment of the audit for the purpose of accelerating the process.

In the event that the ASMO is located in any of the following areas excluded from the geographical scope of the Fairmined Standard, an exception may be requested by sending the required proof:

- **Protected natural and archaeological area:** Prove that the ASMO has been working in the area for over 10 years under the supervision of the corresponding environmental authorities, or that its activity can coexist with the protection objective, and that it holds approved mining rights and environmental permits.
- **Critical ecosystem:** Prove that its activities can coexist with the protection objective for the area, and whether it holds approved mining rights and environmental permits.
- **High risk area due to conflict:** Provide credible proof that the ASMO does not “directly or indirectly support armed non-government stakeholders or public or private security forces through the extraction,

transportation, trade, handling or export of gold.” Where appropriate, undertake a due diligence process.

After submitting the application and its annexed documents, within no longer than 2 weeks the ARM applications committee will review whether the documents have been correctly submitted and will search the records to certify that the ASMO has been duly registered and that no alerts have been issued for the ASMO in international lists or databases, and that its legal representative can apply for the Fairmined Certification as per the criteria outlined in the Fairmined Standard.

If the documents have been correctly submitted, the ASMO will receive a notification with the results explaining the reasons for approval, or otherwise rejection if the documents are not compliant with the Fairmined Standard.

In the event that the Fairmined Certification application is approved, ARM will send the ASMO the general information and fees of authorized auditing firms. The ASMO may freely choose the option that best suits its needs. If necessary, the ASMO may ask for clarifications, and it must then inform ARM and the selected auditing firm of its decision to submit to auditing in compliance with the requirements of the Fairmined Standard.

ARM will facilitate the contact between the ASMO and the chosen auditing firm. Furthermore, it will send the application form and its annexed documents to the auditing firm so that it can begin its auditing preparations.

In the event that the ASMO decides to submit to auditing by a different firm than the one that has issued its current Fairmined Certification, a process of certificate transfer must be set in motion.

## **2. Auditing preparations**

The auditing preparation process involves the parties executing a contract, logistics planning for the visit to the site of the mining operation, and payment of the invoice for the service.

### ***2.1 Fairmined auditing contract***

The auditing firm and the ASMO enter into a “contract” that contains, at the very least:

- Purpose of contract
- Certificate scope
- Compliance with the procedures defined herein

- Auditing procedures
- Specified periods
- Use of tools outlined by ARM
- Levels of compliance for the evaluation of compliance with the Fairmined Standard
- Certification options
- Control procedures and Fairmined Certification
- Rights and obligations of the parties
- Confidentiality agreement
- Dispute resolution / settlement procedures
- Complaint and claim procedures
- Causes for termination of contract
- Payment commitments

This contract must be signed by both parties and each must be given its own counterpart. We recommend initiating the auditing preparation process at least two months before the specified date for ASMOs looking to get recertified in the Fairmined Standard.

## ***2.2 Quotation and billing for auditing and certification services***

The auditing firm will have to present to ARM a price list that can be published on the [www.fairmined.org](http://www.fairmined.org) website listing the services and fees.

Once ARM has verified the eligibility of an ASMO to begin the Fairmined Certification process, ARM will send the auditing firms basic information on the ASMO, so that they in turn send the ASMO an offer or quotation with the fees for their services. Please send a copy to ARM, so that we can monitor the fees offered to the ASMOs. The quotation must take into account estimated travel times, and document and physical verification times (see section 3), as well as the drafting of the audit report.

The service fee must include the following, at the very least:

- Auditing service fees (Amount per workday and travel times)
- Office expenses (report drafting and others)
- Travel expenses (air and/or land transportation). (The ASMO may offer to cover these expenses to reduce the total amount of the final invoice).
- Taxes
- The auditing firm must indicate that there may be additional costs depending on the audit results. For example, for the evaluation of the non-conformance corrections and inquiry audits.

The ASMO agrees to pay for the entirety of the auditing process, including any advance payment that has been agreed-upon in the contract with the auditing firm.

After the audit and auditing report have been completed, the auditing firm will need to issue the final invoice for the auditing service. Each item must be adjusted based on the actual expenses. For example, in the event that the auditing process takes less days than those outlined in the quotation, the invoice needs to be adjusted. The ASMO must be informed from the very start that the invoice total may be higher than the quoted amount in exceptional cases or due to force majeure.

We recommend auditing firms to offer flexibility when scheduling several audits with ASMOs that are geographically close. Likewise, they will have to minimize the cost of the services as much as possible without compromising the quality of the verification. For example, we recommend evaluating whether a more inexpensive service can be provided by assigning two auditors and limiting the number of days in the field.

### ***2.3 Logistic planning***

The auditing plan must contain at least the dates in which the auditor will perform the following activities:

- Opening and closure meeting: no more than 2 hours per activity (if longer times are required, they must be justified).
- Document review: no more than half a day for remote review. And no more than an additional half day to verify other document-related aspects during the physical inspection.
- Physical inspection: the number of hours or days that the physical inspection of all mineral extraction and processing sites needs to be estimated, based on the size of the ASMO.
- Interviews: the number of hours or days that interviewing will take needs to be estimated, based on the number of workers.
- Air and/or land transportation times from and to the site of the mining operation.

We recommend auditors to comply with the ASMO's recommendations in regard to lodging, food and transportation. This information is contained in the Application form or may be directly requested from the ASMO.

The fact that the office may be located in a place other than the site of the mining operation must be considered. In this case, travel times should be taken into account when planning the audit. If travel expenses are excessive, the ASMOs may be asked to digitalize the required documents, or to physically have them at the site of the mining operation on the day of the audit.

The auditing firm must present an auditing plan with the corresponding dates and logistics for approval by the ASMO. The auditing plan and the name of the assigned auditor must be informed in writing and/or by phone at least 7 days before the trip.

The auditing firm must notify in writing the requirements to successfully perform the audit, such as:

- The need to have certain key persons present for interviewing (e.g., managers, mine supervisors, plant supervisors, workers’ representatives, security manager, etc.)
- Access to must-visit sites (mines, plants, office, camps, etc.)
- Documents to be reviewed. Check the List of Fairmined Certification documents.

### 3. ASMO auditing

ARM will provide the ASMO and the auditing firm with all necessary forms and information for the correct certification of compliance with the requirements of the Fairmined Standard. The main tool is the *Checklist* that includes all requirements of the Fairmined Standard that apply to ASMOs. This document has the following extra information for each requirement:

- Questions to answer: Guide to verify the fulfilment of the requirement.
- Proof: sources of information to be reviewed.
- Scope: the ASMO, the Production System or the Mining community
- Year: Whether the requirement is audited on year 0, 1, 3, 6 or 9.

The form has to be initially completed by the ASMO for the purposes of self-evaluation and in order to know its level of compliance, as well as to know in advance what it is that the auditor will verify. The auditor must verify that this information is available and complete at the moment of the physical audit.

On the same file, auditors have a second space to enter a level of compliance and justify their decision based on their findings during their physical and document verification.

#	Fairmined Standard Requirement	Scope	Year	ASMO Evaluation (ASMO Diligence)	Self-Evaluation (ASMO)	Level of Compliance	Comments/Findings (Auditor diligence)
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**Note:** In the Excel file issued to the ASMO for the purposes of Self-evaluation, columns H and I – to be filled out by the auditor – are hidden. Please use the ‘Show’ option in the Excel file to perform the Fairmined auditing.

The auditing firm must ensure that the ASMO complies with all requirements for the year in which it is being audited, as well as for previous years. For example, if being

audited for the second time (year 1), it should remain compliant with the requirements of year 0, as well as additionally comply with the requirements for year 1.

The auditing firm must certify that the ASMO remains compliant with the requirements evaluated during the previous year, and that it has implemented the corrective measures and complies with the requirements for the new year. For this purpose, the auditing firm must use the audit report for the previous year as a basis, as well as the alerts report issued by ARM in the event that risks have been identified by ARM or third parties throughout the year.

For each auditing year, the ASMO must establish plans for compliance with the requirements of the following year. For example, during the third audit (year 2), they must present a strategy explaining how they will attain compliance with the requirements of year 3. During the closure meeting, the auditor must evaluate these requirements jointly with the ASMO so that they can start working toward compliance; however, this will not compromise the results of the current audit.

If the ASMO withdraws for some time from the Fairmined Certification and then re-applies for it, it will re-enter the Fairmined Standard at the compliance level for the criteria it had when it withdrew. For example, if it left the scheme while complying with the requirements for year 3, it would be audited based on these requirements upon its return. The auditor should put special attention when reviewing the requirements outlined in the Summary of findings of the previous audit.

### ***Fairmined Standard compliance levels***

The auditor must evaluate the Fairmined Standard requirements for the corresponding year based on objective evidence collected during the document and physical auditing. Each requirement must be clearly and unequivocally rated using any of the following levels of compliance:

<b>Level of Compliance</b>	<b>Description</b>
Compliant	The ASMO has policies, procedures and processes that fully guarantee compliance with the requirements of the Fairmined Standard.
Minor non-compliance	The ASMO has policies, procedures and processes that do not fully comply with the requirements of the Fairmined Standard due to a temporary circumstance, or one that is isolated from its performance or control. This is a non-systemic or non-structural error, its impact does not lead to a higher non-compliance and it is limited. The ASMO may propose a realistic measure/plan with a specific deadline to comply with the requirement.

Major non-compliance	The ASMO has policies, procedures and processes that do not comply with the requirements of the Fairmined Standard due to one of the following: a total failure to implement the requirement; a systemic or structural failure that affects a broad area; or a minor non-compliance that takes place repeatedly, is persistent, and has not been corrected or adequately implemented after having been identified during the audit for the previous year, or which has continued for a long period of time.
Non-applicable	The ASMO cannot implement the Fairmined requirement due to its type of extraction or processing operations, the nature of the organization, the law or other factors. Both the ASMO and the auditor may define that a requirement is “non-applicable.” The ASMO and the auditor must offer credible justification for each requirement that is classified as “Non-applicable.”

In case of any questions regarding any aspect of the Fairmined Standard, the auditing firm may contact ARM for the correct interpretation of the requirement.

If a non-compliance with a Fairmined requirement is found during an audit, the auditor will be required to explain the gravity of the situation in detail, the evidence found, and point out whether it is a structural or an isolated issue.

### ***3.1 Remote document review***

Before visiting the site of the mining operations, it is essential for the auditor to review all available documents so as to know as much as possible about the characteristics of the ASMO, in order to use the time in the field for other activities such as observation, interviews and verification of submitted documents.

The auditor will have the responsibility of reviewing at least the following forms and documents: application form and its annexed documents (permits, licenses, processes, reports and procedures, among others), the Fairmined checklist, specific issues that arise from activities such as pre-audits or gap analyses performed by ARM or other allied organizations, the auditing plan, supporting documentation, among others that ARM considers necessary. Their quality, relevance and compliance with the Fairmined Standard must be analyzed, as well as their compliance with the country’s regulations.

When dealing with a recertification audit, reports with results from previous audits, the report on the use of the premium and Fairmined Sales (check this in ARM’s Information System) and any other kind of alert that has been issued must also be reviewed.

### ***3.2 Physical verification***

The review at the site and office of the mining operation includes a visit to the offices, pithead, processing plants, camps, and mess hall, among others. For an optimal physical verification by the auditors, the ASMO must provide the necessary logistics for the audit to be successfully completed.

The ASMO must offer all documents, interviews and access to places as required by the auditor, provided that this is for the purposes of verifying the compliance with the requirements of the Fairmined Standard.

During the physical verification, the auditor must complete the activities described below:

#### ***3.2.1 Opening meeting***

In order to get started with the physical inspection, the auditor will conduct a meeting with the legal representatives and/or executives of the mining organization, as well as with the persons in charge of specific areas or processes. If possible, workers' representatives should also be present. The meeting should last no more than 2 hours.

During the meeting, the auditor must explain at least the following:

- Purpose and scope of the audit
- Schedule or agenda
- The existence of a closing meeting
- Activities and methods to be implemented for the purposes of the audit
- Administrative procedures between the auditing firm and the ASMO (documents to be signed and periods to comply with, costs, etc.)
- Confidentiality and information processing clauses
- Fairmined Standard evaluation scale
- Reasons for the termination/finalization of the audit
- Inform the right to appeal the certification decision
- Method for filing complaints and claims offered by the organization
- Anything else that is required to complete the audit.

During the opening meeting, a moment should be allowed for questions and comments by members of the ASMO, with the purpose of addressing their questions before starting the physical verification and interviews.

Lastly, the meeting minutes must be signed, listing the attendees, the duration and the subjects addressed. These minutes must be given to the ASMO.

### **3.2.2 Document review**

The auditor should have closely studied the digital version of the Application Form and its annexed documents before travelling to the ASMO's location. If necessary, some of the physical documents may be requested at random to verify that they match those that have been previously submitted.

During the physical verification, the auditor must request other documents that have not been submitted in digital form by the ASMO, to verify their compliance with the requirements of the Fairmined Standard for the year being audited. The ASMO must make every effort to guarantee that all documents are available and easy to access for verification upon the arrival of the auditor.

The auditors will be required to review the following documents, at the very least:

- Certificates of compliance with national regulations
- Latest inspection reports by mining, environmental authorities
- Basic information regarding the structure, management system and hierarchy of the ASMO
- Internal Fairmined control system: gold traceability supporting documentation
- Outsourced services records, if applicable
- Sales and goods flow information to verify the traceability of the Fairmined certified supply chain
- Internal rules of procedure
- Personnel files and records, payroll, social security, etc.  
Premium committee documents, management reports and use of the Fairmined Premium

For more details, see the documents listed in the List of Fairmined Certification documents. These documents vary depending on the year of certification.

### **3.2.3 Interviews**

The auditor must make a formal or informal interview with key persons with the purpose of learning about the ASMO's processes, the working conditions, the mining and environmental processes, and traceability, among other aspects to be evaluated as per the requirements of the Fairmined Standard.

The auditor must follow the following guidelines in relation to the interviews:

- The interviews must include workers, managers, partners and/or owners, and also members of the community if so required.
- The largest possible number of people should be interviewed one-on-one. The auditor should pick the interviewees at random (we recommend using the list of miners for the selection).

- Interview every area of the mine, processing plant, administration, kitchen, security, among other services (we recommend using the flowchart and/or organizational chart of the ASMO).
- Ensure that interviews are carried out without the presence of the owner/partner/supervisor/manager.
- Explain the purpose of the Fairmined audit to the workers.
- Maintain strict confidentiality over the information obtained during the interviews, protecting the identity of the interviewed workers and avoiding any comment that may result in the interviewee and/or the information that he/she has provided being identified when presenting the findings.

The person in charge and the workers of each facility (pithead or mine face, processing plants, office, sales department, smelting area, etc.) must always be interviewed as per a risk-based outlook; for example, by selecting the worker that performs the riskiest work or is at the area that is most remote or most difficult to monitor.

For mining operations involving few workers (10-20 persons in total), individual interviews must be performed. In the case of an ASMO with more than 20 people, at least one partner and one worker of each area involved in the Fairmined production system must be interviewed.

In case of large groups of workers, we recommend conducting focus groups with the purpose of obtaining as much information as possible and cover the most persons. You must prevent focus groups from compromising the fidelity of the information that is supplied and the information collection due process when determining the compliance with the Fairmined Standard.

If the audited ASMO has areas that are excluded from the Fairmined Production System, the auditor must interview the partners of the included and excluded areas separately, with the purpose of understanding the process and rules that led to the decision to include certain areas and exclude others.

### ***3.3 Facility inspection***

The auditor is responsible for verifying the responsible mining practices of the ASMO, as specified in the Fairmined Standard, with its members, workers and facilities. Ideally, 100% of the exploitation areas (pitheads, tunnels, etc.) and processing and smelting plants, should be inspected, which are the places with the highest risk. Additionally, the auditor must visit and observe other areas, such as storage, offices, kitchen, mess hall, camp and security, among others.

In case the scale of the mining operation is too large, at least 75% of the pitheads and processing plants of the mines registered in the Production System must be inspected.

The auditor will be responsible for deciding which mines and plants will be visited, taking into consideration the following criteria (we recommend using the sketch map and the mining registry).

- Representative cases must be chosen at random. For example, choose the most distant, because this may imply a lower control, extraction/processing capabilities, number of workers, type of activity, risk level, among others.
- Follow-up audits should aim to cover the percentage of mines and plants that were not included in the previous year, with the purpose of reviewing 100% of the areas. However, randomness should still be applied at all times to avoid the selected areas from being known in advance.

During the facility inspection, we recommend the auditor to pay special attention to verifying the following:

### ***3.3.1 Verification of the requirements of the Internal Control System (ICS)***

Practices related to traceability must be observed, and the documents that describe the ASMO's Production System and the flow of the mineral and metal to be certified must be verified. We recommend using the flowchart to ensure that key points have been visited. The auditor must interview the persons in charge and review the ASMO's records at each stage of production, processing and commercialization to ensure the internal traceability of the mineral and metal flow to be certified.

The effectiveness of the Internal Control System must be evaluated to guarantee that only gold yielded by the ASMO's Production System is sold as Fairmined Gold (even when processing services are outsourced). For this reason, we recommend taking information from one part of the process and follow the entire path of the mineral, or cross-reference one stage with the following stage to ensure the coherence of the information.

Documented information must include, at the very least:

- Record of the miners, pitheads and processing units that deliver gold minerals and tailings to the ASMO (delivery documents signed by the person in charge)
- Date of delivery
- Quantity delivered
- Source area, assigned by the ASMO to miners in the Fairmined Production System (name, description)
- Gold content (where applicable)
- Lab results (where applicable).
- Payment received (where applicable)

### ***3.3.2 Verification of the employment and working conditions***

The auditor must visit and observe all operation units where ASMO workers are present, with the purpose of verifying the workplace health and safety conditions, the physical conditions and the procedures that are applied. Some aspects that should be verified are:

- Protection and machine maintenance
- Use of personal protection equipment/clothes
- Miner training in health hazards and mining safety
- First aid equipment and procedures
- Emergency procedures, training and rescue plans
- Fire, rescue and emergency equipment
- Storage, handling and disposal of hazardous substances/materials
- Waste management
- Sanitation and water facilities, mess hall hygiene and safety, sleeping quarter conditions, as required
- Presence of young workers, women's conditions, evidence of discrimination, workers' movement restriction, evidence of situations that are damaging to the workers' dignity, overall working environment
- Notifications/information issued to the workers, such as emergency procedures, workers' rights, workers' committee meetings, premium committee, results of premium investments, etc.).

In addition, the auditor must verify the working history, records and documents, with special attention to:

- Spreadsheets or records of miners/workers
- Contracts
- Spreadsheets/proof of wage payment
- Working hours, extra hours
- Permits
- Social Security contributions
- Training records (minutes, list of participants)
- Disciplinary actions

### ***3.3.3 Verification of safety conditions in the mines and processing plants***

The auditor must pay special attention to the following:

Mine interior:

- Tunnel supports for slope mines to prevent rock collapse: necessary in areas with geographical faults or terrain instability
- Mining signage

- Electric lighting cables or hanging ducts that are not on the ground, that they are marked by signage, covered, and that there is no risk of short circuits
- Adequate mine ventilation, especially that after a detonation (explosives) time is allowed for an adequate ventilation that lets noxious gases escape to the outside of the mine. All this to avoid deflagrations, explosions, intoxication and poisoning
- Safety of the explosive storage magazine (where explosives are stored) as per the regulations
- Frequent maintenance of the machinery, protected motors, etc.
- The miners must count with personal protection equipment based on the work that they perform, to protect them from physical hazards associated with noise, lighting, temperature, vibrations, etc.
- Presence of shelters inside the mine to take shelter in case of accident
- Shafts have safe means of descent. Example: stairs, landings, etc.
- Adequate storage and use of fuel, that fuel residues do not seep into bodies of water or the soil.

#### In processing plants:

- Adequate plant signage
- Use of personal protection equipment based on the work being performed
- Safe installation and machinery (covered where appropriate). Machinery maintenance.

#### When the ASMO uses mercury, put a special emphasis on:

- Concentration processes before amalgamation
- The amalgamation must only be performed on the concentrates and not all of the mineral that enters the plant
- Amalgamation site (whether retort is used for the burning process, protection of the person that performs the process)
- Non-use of nitric acid to dissolve the amalgam
- Storage of mercury, cyanide and other toxic substances (signage, safety, ingress and egress records)
- The person in charge of handling substances is trained to do so, is of legal age, no pregnant women, mentally challenged individuals or persons with serious illnesses
- The tools for handling the substances are used only for this purpose and not for everyday activities
- Tailings dams or dumps or byproducts of the concentration (treatment of amalgamation or cyanidation tailings, decontamination in waterproof reservoirs before final disposition, ensure that they are not dumped into bodies of water or places where the tailings can seep into them)
- Options for reducing the use of mercury (laboratory tests, visits by expert metallurgists)

### ***3.3.4 Verification of business practices and Fairmined Premium***

The auditor must verify the documents corresponding to past sales (contracts or agreements, invoices, records of payments received, premium amounts paid, use of the Fairmined Premium) and cross-reference this with existing sales information recorded in ARM's Fairmined Information System. For these purposes, ARM will provide access to the System so that the auditor can cross-reference that which was reported by the buyers and the physical proof of Fairmined sales held by the ASMOs.

The auditor must verify the relationship between revenues and expenditures of the ASMO in relation to the Fairmined Premium. To this end, the auditor must review at least the following:

For first-time audits:

- Constitution of a Fairmined Premium committee (establishment act)
- Internal rules of the Fairmined Premium committee.

For recertification audits:

- Evaluation of needs
- Development priority plan
- Fairmined Premium annual investment plan
- Fairmined Premium report
  - Verification of investments made according to the Premium Report. Take photographs of the main investments
  - Balance sheet relating the received premium with investments made. Specify in the audit report whether there is a balance pending investment.
  - During the interviews, ask the workers whether they have been informed about the use of the Fairmined Premium, and if they have experienced any positive or negative impact as a result
  - If possible, meet with the Fairmined Premium committee or its members to ask about the committee's functioning.
  - Rendering of accounts. Method for the disclosure or presentation to members of the ASMO of investments made using the Fairmined Premium.

### ***3.3.5 Verification for the Fairmined Ecological Gold Certification***

- Records that guarantee full compliance with the physical traceability requirements of Ecological Fairmined Gold at all times. Neither mercury nor cyanide must be used for mineral processing; only gravimetric methods may be used.

- Environmental disturbances caused by mining must be reduced as much as possible through the implementation of an Environment management plan that includes a diagnosis of the current situation.
- From the start of the new operations, the ASMO must implement a native ecosystem restoration process or agree to an alternate use as per the land management priorities of the local authorities of the community.

An ASMO that obtains a Fairmined Ecological Certificate benefits from a Fairmined Premium of up to 6,000 USD (standard premium + 2,000 USD per kg). An ASMO that holds a regular Fairmined Certification receives a premium of up to 4,000 USD.

### ***3.4 Closing meeting***

At the end of the physical inspection, the auditor will conduct a meeting with the legal representatives and/or partners/managers of the ASMO or with designated managers. If possible worker representatives should also be present. The meeting must be no longer than 2 hours.

During the meeting, the auditor must present a preliminary report on the findings of the audit. In addition, the auditor must provide information about the progressiveness of the Standard and offer insight in relation to the need to put a strategy or plan in place to fulfill the new requirements that will be evaluated one year into the future.

The auditor must ensure that the ASMO has understood the results and document the points for which consensus could not be reached between the auditor and the ASMO, if any. In delicate or critical situations where conflicting information has been obtained between workers and employers, the auditor may decide to refrain from presenting the audit report in its entirety and state this fact in the report for the evaluation committee of the auditing firm.

Lastly, the auditor must prepare the meeting minutes, recording the participants, duration and the disclosure of the audit report. The minutes must be signed by the auditor and a representative from the ASMO as a way to confirm that the information has been provided. A counterpart must be provided to the ASMO so that it can begin with implementation efforts as soon as possible.

## **4. Fairmined Standard compliance evaluation.**

The evaluation of the ASMO's compliance with all the applicable requirements of the Fairmined Standard must be performed after the document and physical verification process has been completed.

The auditor must ensure that all the information is complete and that sufficient reasons have been given to justify the level of compliance issued for each requirement. A group of individuals from the auditing firm (other than the auditor) must perform a final evaluation that guarantees a quality control of the collection of evidences and audit results – this group will be called the ‘evaluation committee’. Alternatively, the auditing firm may choose a single person as an evaluator. We recommend the auditing firm to contact ARM’s Standard and Certification Department when in doubt regarding the classification of the findings of the auditor.

The evaluation committee must act with utmost diligence during the evaluation, notification submission and certification decision processes.

#### ***4.1 Audit report***

The purpose of the audit report is for the ASMO and ARM to have a report related to the level of compliance of the ASMO with the Fairmined standard. The auditing firm is responsible for entering this document into the information system and send it via e-mail no later than 15 calendar days after the date of the closing meeting.

The evaluation committee will make use the checklist used during the document and physical audit when preparing the Audit report.

The checklist has two additional sheets:

- Audit report
- Evaluation summary

**Note:** Both sheets are hidden in the file so as to avoid confusion when the ASMO performs its self-evaluation. The auditor will need to use the ‘Show’ option. The “Audit report” sheet contains formulas that automatically copy the information entered into the checklist for the convenience of the evaluation committee.

The Audit report must be completed in full as per the format provided by ARM. All requirements of the Fairmined Standard for the year being evaluated must be placed vertically.

Provided that the 15 calendar-day limit is not exceeded, the audit report may also be submitted to ARM before sending it to the ASMO for technical review and quality control purposes.

In the event that no evaluation criterion has been classified as non-compliant, the firm must notify the ASMO that it will generate the Fairmined Certificate at the moment of sending the Audit report.

If there are minor non-compliances and the auditing firm considers that it is fitting to issue the Fairmined Certificate, it can do so provided that the ASMO presents a Corrective Measure Plan before the Fairmined Certificate is issued, including a clear and realistic schedule with defined deadlines for implementation and submission of proof.

In the event that there is at least one major non-compliance with the Fairmined Standard, the auditing firm must notify the ASMO that a period for the closure of non-conformances will be granted.

Alternatively, the ASMO may submit written proof to refute the non-conformance decision.

#### ***4.2 Non-conformance closure period, if applicable***

In the event that the Audit report contains non-conformances, starting on the date of submission of this document, the ASMO will have a maximum of 60 days to submit evidence of the corrective measures that have been implemented, leading to the closure of non-conformances. We recommend ASMOs to submit the evidences as soon as possible. The auditing firm has the responsibility of filing these evidences as they are received. If the ASMO considers that a closure has taken place before the corresponding period has expired, it can notify of this fact in writing so that the auditing firm allows the evaluation of the submitted evidence.

Alternatively, the ASMO may present written proof to refute the non-conformance decision.

##### ***4.2.1 Evaluation Summary***

The purpose of the Evaluation summary Form is to follow-up on the closure of non-conformances that were found during the document and physical audit. For this reason, only the requirements that the auditor classified as a major non-compliance or a minor non-compliance in the Audit report must be copied to this form.

The auditing firm must submit the Evaluation Summary form and the certification decision notification within no more than 8 calendar days since the last set date for the submission of evidences, or before that if so requested by the ASMO.

The auditing firm must constitute an evaluation committee or assign an evaluator, which will be in charge of evaluating whether the evidences submitted by the ASMO suffice to confirm that a requirement has been fulfilled. A non-conformance may only be closed if the evidences fulfill the requirement of the Standard that was initially classified as non-compliant in the Audit Report.

In the Evaluation summary, the information for the following columns must be completed:

- Requirement number: the requirement as shown in the Fairmined Standard, scope and year of compliance of the criteria classified in the Audit Report as a major non-compliance or a minor non-compliance.
- Progress: the evaluation committee specifies the actions that were taken by the ASMO to address the non-compliance and the evidences submitted to support this.
- Observations: analysis of whether the evidences are sufficient to close the non-conformance. If insufficient, commitments that are still not addressed are specified.
- Deadline: last date in which new evidences will be accepted. For minor non-compliances, the auditor may specify that they will be verified in the following audit.

#### ***4.3 Second non-conformance closure period, if applicable***

In the event that the auditing firm considers that the ASMO failed to submit sufficient evidence to warrant the issuance of the Fairmined Certificate, but that it is possible to address the issues promptly, an extra period of no more than 15 days may be granted for the submission of pending evidences. This extra period will only apply if the ASMO has shown intent and will to get certified and has a clear improvement plan in place.

Once the 15-day period has expired – or earlier if so requested by the ASMO –, the evaluation committee must submit an updated Evaluation Summary form containing the evaluation of the new evidences and the certification decision notification within no more than 8 calendar days.

## **5. Certification decision**

The certification decision by the auditing firm consists of studying evidences showing that the ASMO fulfills all requirements of the Fairmined Standard for the year being audited.

The certification decision is strictly independent from the audit, but the actions of the ASMO during and after the audit must be taken into account. This must be done within no more than 8 calendar days after receiving the last piece of evidence. The auditing firm may consult with ARM for the interpretation of the compliance with the Fairmined Standard requirements.

In all cases in which the auditing firm decides to grant the Fairmined Certification, it must send a package to the ASMO via e-mail (with follow-up by telephone) that includes the following documents:

- Notification or letter informing of the decision to grant the Fairmined Certification
- Certificate of compliance with the Fairmined Standard
- Audit report
- Evaluation summary (in case period(s) for the closure of non-conformances are given)
- Miners' list
- Flowchart and organizational chart, if modified
- Premium use report
- Fairmined Connect Information System update confirmation
- Contract signed by the parties
- Invoice for the auditing services as per the contract entered into by the parties
- Confirmation in writing that the ASMO has settled all matters and payments with the auditing firm

When the auditing firm notifies the ASMO in writing of its decision to certify, it must send a copy to ARM's Standard and Certification Department ([cert@minasresponsables.org](mailto:cert@minasresponsables.org)) for the purposes of monitoring and evaluating the auditing process and for updating the status information in Fairmined's website.

The ASMO has the obligation to inform ARM and the auditing firm of any change that may take place after the annual inspection.

Upon the completion of the auditing and certification process, and for quality policy purposes, ARM's Standard and Certification Department will ask the ASMO to complete an evaluation form related to the services received by the auditing firm.

In the event that any minor non-compliance remains unaddressed, the auditing firm may opt for one of the following certification decisions:

### **Conditional certification**

For ASMOs that required the first and second non-conformance closure periods, but minor non-compliances remain unaddressed after the expiration of these periods, the auditing firm may issue the Fairmined Certification. Such certification may only be granted if the ASMO showed interest and intent to get certified during all previous stages, and additionally followed the Corrective Measures Plan.

Pending conditions for the closure of the non-conformance must be specified in the “Evaluation Summary” form, indicating that the non-conformance closure is to be verified during the following audit (Deadline column).

## **Inquiry Audit**

If the evaluation committee finds that the evidences presented by the ASMO are insufficient to determine their validity, it may issue the Fairmined Certificate, but request the performance of an inquiry audit. The ASMO must file a Corrective Measures Plan that includes a clear and realistic program with specific deadlines. The inquiry audit must be planned according to the Corrective Measures Plan filed by the ASMO and be performed as promptly as possible. If feasible, it should be performed remotely so as to reduce costs. Any financial expenses that this may incur are to be borne by the ASMO. After the completion of the inquiry audit, the evaluation committee will have 8 calendar days to issue a notification stating whether the Fairmined Certification remains in effect, or if it will be cancelled.

In the event that the evaluation committee considers that the evidence submitted by the ASMO is insufficient to close a major non-compliance after the two non-conformance closure periods, the Non-certification must be notified. Since that moment, the ASMO may no longer use the Fairmined brand in any of its internal or external communications.

### ***5.1 Certificate validity***

The Fairmined Certificate will be valid for 18 months since the date of the start of the audit.

The next audit must be performed 12 months after the date in which the opening meeting for the previous audit was held. The recertification audit must be requested two months in advance, so as to ensure that deadlines are met and prevent the expiration of the Fairmined Certificate.

Note: The period of validity of the certificate is 18 months – not 12 – so as to ensure that the ASMO holds a valid certificate to keep selling Fairmined metals while the follow-up audit is conducted.

In the case of recertification, if the Fairmined Certificate expires during the auditing and certification process, the ASMO may not continue to engage in Fairmined sales unless it files for a grace period as per the provisions set forth in section 6.1. Such periods may also be requested in the event that the recertification audit cannot be

scheduled within the provided times due to force majeure beyond the ASMO's control (for example, environmental conditions that prevent the performance of the physical verification).

The auditing firm may issue a letter informing the Fairmined market that the audit is underway, and the level of risk of non-compliance with the Fairmined Standard that they consider that the ASMO may have.

ARM will issue a general notification of the non-conformances found during the audit and the certification decision to authorized Fairmined suppliers.

### ***5.2 Fairmined Certificate form***

The certificate form must be previously validated by ARM and must include at least the following information:

- Header of the auditing firm that issues the certificate, including name and contact information
- Fairmined Seal
- Title: Fairmined Certificate
- Certificate number
- Full name of the certified ASMO
- Fairmined ID of the ASMO (the auditing firm will have to contact ARM to request the Fairmined ID of the ASMO before issuance of the certificate)
- Location of the ASMO (*municipality, department, country*)
- Use the following legend regarding the scope of the Fairmined Certificate: *“Audited as per the Fairmined control and Certification procedures and it was certified that it fulfills the following requirements of the Fairmined Standard for artisanal and small-scale mining gold, current version, including associated precious metals:*
  - *General requirements*
  - *Environmental protection*
  - *Working conditions*
  - *Fairmined Premium governance and Development Plan*
  - *Business relations*
- Auditing period: *start date-end date*
- Certificate validity:
  - Valid From: *dd/mm/yyyy* (Date of issuance)
  - Valid To: *dd/mm/yyyy* (18 months since the date of issuance)
- Use the following legend regarding the scope of the Fairmined Certificate: *“The certified ASMO is responsible for the continued fulfillment of all applicable requirements and this certificate will remain valid until the following certificate is issued and the annual audit is requested for the verification of the compliance*

*with the Fairmined Standard as per the procedures in place for the Fairmined Certification”.*

- Date of the next audit: *dd/mm/yyyy* (12 months since the date of the opening meeting)
- Date and place of issuance of the certificate: *dd/mm/yyyy*
- Name, contact information (phone, address, city), legal identification number and authorized signature (and seal) of the auditing firm that issues the certificate.

From this moment, the certified ASMO may sell the gold of its Fairmined production system as per Fairmined’s favorable conditions. An ASMO may not sell Fairmined metals if it holds an expired certificate.

### ***5.3 Appeal procedure***

The audited ASMO may appeal the Certification decisions. The auditing firm must inform the right to appeal the certification decision in the contract entered into between the auditing firm and the ASMO, during the audit’s opening meeting and in the notification of the certification results.

Each auditing firm must have an appeals procedure in place in collaboration with ARM that includes at least the following:

- A minimum period of 15 business days after the reception of the certification notification for appeals. The ASMO must submit a written response, sending any supporting evidence and arguments to refute the decision.
- Once the appeal request has been received by the firm, it must send it to ARM’s Standard and Certification Department.
- The auditing firms will have a maximum of 4 weeks after receiving the appeal request to evaluate the request. These appeals are to be evaluated by the evaluation committee.
- The result must be communicated in writing to the ASMO.

### ***5.4 Procedure for complaints and claims***

The auditing firms must have a procedure for complaints and claims in place that is also outlined in the service agreement. This will allow the ASMO to file complaints in relation to the way in which the auditing firm provides its services. The information resulting from a complaint must not affect the result of the certification and must be handled with due process.

The complaint and claim procedure must include at least:

- Mean(s) for filing a formal complaint or claim.
- Point of contact.

- Procedures that the auditing firm will follow to take the appropriate measures when dealing with relevant complaints.
- Defined response times to complaints or claims.

### ***5.5 Certificate transfer between auditing firms***

A certificate transfer process must be performed when the following conditions are met:

- The ASMO has a valid certificate at the moment a recertification process is started.
- The auditing firm that issued the certification is different from the auditing firm that will issue the new Fairmined Certificate.

The following steps must be followed during the certificate transfer process:

1. The ASMO notifies in writing its decision to hire the auditing services of a firm other than the one hired for the previous year. This notification must be copied to both auditing firms and to ARM, and must be performed at least 2 months in advance before the date of the following audit.
2. The previous auditing firm issues a contract termination notification, stating that the reason is the non-continuity of the contract and the transfer to another auditing firm. This will not affect the Fairmined Certification or the business relations of the ASMO. The new auditing firm must issue a new temporary certificate on the date of cancellation of the previous certificate that has the same expiration date as the previous certificate.
3. The ASMO must enter into a contract with the new auditing firm. In order to avoid affecting the auditing times, it must be executed at least one month before the last auditing date.
4. The previous auditing firm must provide the full history of audits for the ASMO and the nature of any pending non-compliance. This information must be entered into the Fairmined Information System and will be part of its responsibilities as an auditing firm recognized by Fairmined. This may include copies of audit reports, checklists, pending non-compliances, alerts and similar documents.
5. The appointed auditor of the new auditing firm must evaluate all of the information that is received. Using this information, he/she must plan and perform the audit verifying the compliance with all the requirements of the Fairmined Standard for the corresponding year, paying special attention to alerts and non-compliances found by the previous auditing firm.

The following must be taken into account:

- The certificate transfer may only be performed if the certificate is current and valid for the specified scope.

- No ASMO may have two current certificates with the same scope at the same time.
- If the auditing process is performed, and the previous certification remains in effect, the certificate transfer will not affect the authorization for the ASMO to trade under the favorable conditions of the Fairmined Certification.
- ARM will act as an intermediary in case of disagreement between the two auditing firms involved in the transfer of an ASMO's certificate. The auditing firms may consult with ARM for the construal of the corresponding clause.

## 6. Certification cancellation

The auditing firm will cancel the certification of an ASMO currently undergoing recertification in the following situations:

- The ASMO fails to program the recertification audit before the last auditing date (12 months since the date of issuance of the previous certificate).
- If the ASMO fails to respond to notifications by the auditing firm to plan the starting date of the audit in due time. The auditing firm must attempt to contact the ASMO and present ARM with proof of the attempt to communicate before issuing a document indicating the Cancellation. Exceptional situations due to environmental or other conditions may justify a delay in the auditing date, without incurring the cancellation of the certification.
- Voluntary withdrawal by the ASMO by sending a message stating that it is no longer interested in continuing being a part of the Fairmined Certification scheme.
- In case of fraud, bribery or willful misrepresentation by the ASMO. The case must be presented, specifying the causes.
- Nonpayment of the auditing services in due time.

Whenever the auditing firm issues a notification determining the cancellation of the Fairmined Certificate, the ASMO may appeal this notification. The auditing firms may consult with ARM for the interpretation of the situation.

### **6.1 Grace period**

The ASMO may request ARM an additional trade permit if notified of a Fairmined Non-Certification decision.

The purpose of the grace period is to avoid completely suspending the supply of Fairmined Gold to the market and allow for any business commitments involving gold extracted within the period of validity of the certification to be met.

This grace period will be granted under the following conditions:

- If the ASMO entered into commercial agreements before the Non-certification notification and while it held a valid Fairmined Certificate
- It may only sell Fairmined Gold (extracted and processed while it held a valid Fairmined Certificate)
- These commercial commitments may only be met within a period of 6 months after receiving the non-certification notification
- The ASMO may make an additional delivery of 1 order to a maximum of 3 clients
- The ASMO will not receive the Fairmined Premium

This commercial condition corresponds to requirement 5.3.3 of the Fairmined Standard:

*When a suspension is notified to an ASMO or a buyer, contracts entered into before the date of said notification will only be recognized as certified products for a maximum of six months.*

## 7. Registration of auditing results in the Fairmined Information System

The goal of the Fairmined Information System is to verify the information of the Fairmined transactions of the ASMOs, analyze the levels of Fairmined Premium received in light of investments made, and evaluate the coherence of data to guarantee the credibility of the Fairmined brand and the certification system. Furthermore, it centralizes the results of the Fairmined audits and certifications.

The auditing firm is responsible for entering the specific information for the audits and results of the certification into the information system no later than one week after they have been notified to the ASMO. In addition, all information will be centralized so that the ASMO, ARM's Standard and Certification Department personnel and the auditors can view it at all times.

ARM will provide the auditing firm with credentials to access the system, both for auditors and the evaluation committee. For this purpose, the firm must submit the name, e-mail and position of the persons to be registered in the system. ARM will provide the corresponding training and manuals so that auditors and the evaluation committee can log in and operate the Fairmined Information System. These manuals will also be available on [www.fairmined.org](http://www.fairmined.org)

The auditing firm will have an active role, by reporting and consulting information related to:

- ASMO contact information
- Information on the application and annexed documents
- Information and documents for previous audits
- Certification results

- Certificates
- Query all the Fairmined Gold transactions performed by the ASMO
- Check the Fairmined Premium that was received.

ARM and the auditing firm will have access to the Fairmined Information System to verify the coherence of the Fairmined transactions performed by the ASMO and the information provided during the physical inspection. The information that must be verified for each transaction is:

- The buyer of the Fairmined mineral
- Transaction date
- That the price paid is equal or higher than 95% of the international price
- Payment of the Fairmined Premium or the Fairmined Ecological Premium (where applicable)

All of the information entered into the Fairmined Information System must be treated with utmost confidentiality. Only ARM may disclose aggregate data related to traded volumes of Fairmined Gold and received premiums to third parties.

## ANNEXED DOCUMENTS

Below you will find a list of the documents that the auditing firms must review:

- Fairmined Standard
- Miners' list
- List of Fairmined Certification documents
- Application for the ASMO for Fairmined Certification
- Fairmined ASMO auditing checklist
- Findings summary form for the evaluation committee
- Fairmined Premium management and governance guide
- Fairmined brand manual.
- Fairmined Certificate form