

# GOLD TO BE PROUD OF



Explanatory Document: The Fairmined Development Fee  
Last update: September 2016



# EXPLANATION OF IMPORTANT TERMS

**Fairmined Operator:** those actors in the supply chain who buy Fairmined Gold from certified mining organizations or other Fairmined Operators, trade and transform the gold and sell it to Fairmined Licensees (or other Fairmined Operators).

**First Authorized Buyer:** A Fairmined Operator with a special role in the supply chain, as they buy the Fairmined Gold directly from certified mining organizations.

**Fairmined Licensee:** A consumer facing business using Fairmined Gold to produce end products. They purchase the Fairmined Gold from Fairmined Operators.

# WHAT IS THE FAIRMINED DEVELOPMENT FEE?

## **Fairmined Standard v2.0 states that:**

5.2.11 Year 0 / Entry / Scope: First Authorized Buyer

The first buyer must pay ARM a "Fairmined Development Fee" per kilogram of Fairmined Gold bought, according to the fee table published by ARM and communicated to certified producers and operators.

*The fee table will be published 3 months prior to the new calendar year, for which the fee is applicable.*

# WHY A FAIRMINED DEVELOPMENT FEE?

The Fairmined Development Fee contributes to the sustainability of the Fairmined Initiative and is meant to help cover operational costs of the Alliance for Responsible Mining .

Enabling favorable conditions for more artisanal and small-scale mining organizations to formalize and access ethical markets requires substantial investment in systems, standards, advocacy, market work, networks, training, capacity building of trainers, and supply chain monitoring.

## **The Development Fee also contributes to:**

- Extending the benefits of the Fairmined Initiative to more mining organizations around the world.
- Providing producer support for the certified mining organizations.
- Developing and managing supply.

# HOW MUCH IS THE FAIRMINED DEVELOPMENT FEE?

The Fairmined Development Fee is applicable to all volumes of certified gold purchased from certified mining organizations and traded under Fairmined terms as per the Fairmined Standard. This includes those volumes that are later sold into non-Fairmined supply chains.

| SOURCING MODEL                                   | COST IN \$USD/GRAM OF GOLD* |
|--|-----------------------------|
| Fairmined Labeled, Incorporated and Certificates | \$0.70 USD/g of gold        |

\* For sourcing significant volumes of gold, the Fairmined Development Fee may be negotiated between a Fairmined Licensee and ARM. Please contact your Fairmined account manager to be informed about the negotiated Development Fee applicable specifically to those volumes.

# WHO PAYS THE FAIRMINED DEVELOPMENT FEE?

The Development Fee is paid by the First Authorized Buyer, the entity in the supply chain that purchases gold directly from a certified organization.

- The First Authorized Buyer will be invoiced at the end of each Flow-of-Goods reporting period, based on the volumes sourced in this period.
- When a Fairmined Licensee purchases Fairmined Gold from a Fairmined Operator, the Fairmined Premium and Development Fee should already be included in the price of the gold.
- Fairmined Operators have the choice of embedding the Development Fee within the price of the certified gold or itemizing it on the invoice.
- All Invoices/sales contracts must clearly indicate whether the gold is being transacted under the Fairmined Labeled or Fairmined Incorporated sourcing model as they both have distinct traceability requirements.

If you have any questions or concerns regarding the Fairmined Development Fee do not hesitate to contact your account manager or write to:  
[info@fairmined.org](mailto:info@fairmined.org)



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