Market Entry Standard Committee
First meeting

September 11th, 2017
Agenda

1. Members presentation
3. Overview of the MES process and timeline.
5. Feedback 1st Advisory Group meeting.
6. Approval of Standards procedures and Specific MES Standard Committee Terms of Reference.
7. Election of Chair and Vice Chair.
8. Any Other Business (AOB).
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Members introduction

Artisanal and Small-scale Miners
- Daniel M Riascos - Colombia Coodmilla coop representative
- Nimer Rivera - Peru Miner representative
- Romain Kani - Burkina Faso Miners spokenman representative
- Tabara Cissokho – Senegal spokenwoman miners representative
- Urica Primus - Guyana Women Miners Organization (GWMO) president

Standards systems or guidance bodies representing one or more industrial sectors
- Anne Marie Fleury - RJC Standards and Impact Director
- Lisa Sumi - IRMA Standard Coordinator
- Michele Bruelhart - EICC Technical Director

Gold refiners or associations
- Neil Harby - LBMA Head of Good Delivery
- Simone Knobloch - Valcambi COO

Downstream companies or associations
- Downstream player - pending the confirmation
- Mariana Smirnova - CFSI Project Manager

Non-governmental organizations (especially, working with ASM)
- Yaw Britum - Solidaridad Ghana Programme Manager, Gold

Technical consultants and experts
- Assheton Carter - The Dragonfly Initiative Director
- Fabiana Di Lorenzo - Estelle Levin Limited Due Diligence Manager
- Mauricio Cabrera - WWF Mining Policy Coordinator
- Renzo Mori Junior - Researcher at Centre for Mining Sustainable Minerals Institute, University of Queensland
- Cesar Ipenza - Peruvian and environmental mining expert

Observers
- Louis Marechal - OECD observer
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Market Entry Standard*

A conceptual Outline

Note: The denomination “Market Entry Standard” is a working title. Prior to announcement of the Standard, the name may (or may not) be changed to a term that better describes the instrument.
The problem

*Lack of a general/generic "upstream" supply chain scheme*

creates barriers
- for downstream operators to engage with ASM (risks of engagement, cost of due diligence, etc.)
- for ASM to engage with formal markets

To reduce these barriers, the standard must avoid to create new barriers

Usual "proprietary" standard schemes serve their purpose for a closed group (by membership, affiliation, licencing, etc.)

A scheme developed under "open source" terms is expected to overcome most limitations

* Note: Upstream schemes exist, but most are proprietary and specific to certain geographic contexts
Open Source

**Why open source?**

To create an upstream scheme for ASM that
- is compatible with already existing supply chain standards and sourcing models of downstream supply chain actors
- can be adapted without any restriction to
  - the vast variety of upstream producer setups of 15-20 million ASM gold miners
  - different governing national legal frameworks (localization)
  - individual preferences of downstream supply chain actors or producer support programmes
- has potential to be widely adopted because
  - it simplifies due diligence for all supply chain actors
  - the system is “institutionally neutral”, i.e. not “owned” by any particular organization

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Main organizational scope: “production based groups”; as per OECD ASM definition
Extended organizational scope: including “supply chain based groups”
Geographic scope: Global
In the short term (version 1) MES will cover at least Annex II Risks and other High Risks; in the long term (ver. 2 and later), standard requirements shall extend into all medium and low risks.

**Immediate Risks:** “Annex II Risks” for which OECD recommends to immediately suspend or discontinue engagement (pass/fail)

**Mitigable Risks:** “Annex II Risks” for which OECD recommends to suspend or discontinue engagement after unsuccessful mitigation efforts (pass/fail & progressive)

**Other Risks:** all other “Non-OECD Risks” categorized during standard development as high, medium or low (progressive)
Criteria – phasing and open source options

Examples for Open Source options:
- Localized version, e.g. amending generic concept of “legitimate ASM” by national definition of “legal ASM”
- Customized version, e.g. for faster Minamata compliance
Accessibility and compatibility

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**Affordable first- and/or second party verification** as part of the MES scheme, at the point where the representative of the upstream supply chain can make a verifiable claim.

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**No duplication of third party audit burden:** Verifiable first/second party claims of upstream actors are subject of **third party verification** as already established in “downstream” schemes.
Five-step Framework

1. Establish management system,
2. Assess risks,
3. Mitigate risks,
4. Audit outcomes,
5. Report progress

**MES: Tasks of ASM Mineral Producers**

- **AMP joins the MES scheme (definitive)**
  - AMP identifies further non-OECD risks, commits to their mitigation and mitigates the risks
  - AMP reports 1st or 2nd party claim

- **Market Entry**
  - AMP joins the MES scheme (temporary/conditional)
  - AMP identifies and mitigates mitigable Annex II risks
  - AMP reports 1st or 2nd party claim

**Tasks of Assurance Providers of existing schemes**

- Conformity assessment (e.g. 3rd party audit)
  - AMP reports 1st or 2nd party claim
  - AMP joins the MES scheme (definitive)

- Conformity assessment (e.g. 3rd party audit)
  - AMP identifies Annex II risks
  - AMP decides to join the MES scheme

- Conformity assessment (e.g. 3rd party audit)
  - AMP ensures absence of “immediate” Annex II risks

- Conformity assessment (e.g. 3rd party audit)
  - AMP identifies and mitigates Annex II risks
  - AMP reports 1st or 2nd party claim
KPI or benchmarking

MES:

**3C score** – Proposed Key Performance Indicator for ASM mineral producers:

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Conformity</th>
<th>Credibility</th>
</tr>
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<tbody>
<tr>
<td>AMP identifies further non-OECD risks, commits to their mitigation and mitigates the risks</td>
<td>AMP reports 1st or 2nd party claim</td>
<td>Conformity assessment (e.g. 3rd party audit)</td>
</tr>
</tbody>
</table>

- **Commitment**
  - How ambitious are the commitments for improvement?

- **Conformity**
  - How many of the commitments were achieved?

- **Credibility**
  - How reliable are the reports?

**Alternative options:**

Any benchmarking exercise to evaluate whether the performance of an ASM mineral producer is appropriate to feed into a certain downstream supply chain scheme
The Standard provides me with guidance what I have to do to be OECD compliant and to improve. Every year we check the risks in our mine and decide what improvements we will make the next year. If someone comes and tells us what is important and helps us to do it, it would be even better. At the end of the year we report what we have done.

When a buyer comes, I can show him our reports. So I don’t need to answer the same hundreds of questions over and over. If the buyer wants, then he can send an auditor to check my reports.

With my reports I can even go to buyers and ask if they want to buy my gold, because I am OECD compliant and have a good track record of improving my mine.

Win-Win in a nutshell

With miners that participate in the MES, we can be more confident that they are OECD compliant. And we know in advance that they are committed to mitigate supply chain risks.

We can support them to mitigate those supply chain risks which are most important for us. From their reports, we can see what they have improved.

Due diligence is much more straightforward with miners that participate in the MES. They produce their MES reports and our auditors can just check if the reports are reliable. Much faster and less expensive!

The MES does not add extra audit burden. It can all be done by our usual auditors as part of our usual due diligence procedures.
Win-Win in a nutshell

ASM mineral producer → Local aggregator (buyer) → National aggregator (trader) → Exporter → Importer Refiner → Downstream supply chain

MES scheme → generates conformity → Existing supply chain schemes

Clarifications? Comments? Questions?

Can we agree on this concept as the starting point for the development of the MES?
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3. Overview of the MES process and timeline.
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## Overview of the MES process and timeline

<table>
<thead>
<tr>
<th></th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
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<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
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<tbody>
<tr>
<td><strong>MES Milestone</strong></td>
<td>TOR</td>
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<td>Draft standard (&quot;beta&quot;)</td>
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<td></td>
<td>MES v1</td>
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<tr>
<td><strong>Advisory Group</strong></td>
<td>Launch Call</td>
<td>Call</td>
<td></td>
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<td></td>
<td>Call</td>
<td>Call</td>
<td>Call</td>
<td></td>
<td>Call/ Meeting</td>
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<tr>
<td><strong>Standard Cmtee</strong></td>
<td>First call</td>
<td>Discuss, elaborate the draft</td>
<td>Release draft</td>
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<td>Review, incorporate comments</td>
<td>Complete v1</td>
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<tr>
<td><strong>Other Consult</strong></td>
<td>TOR public consult</td>
<td>CFSI Session?</td>
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<td>Public consult on draft</td>
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### September
- MES Standard Committee structure
- Revise MES TOR
- Inputs for MES design/ the MES Conceptual Outline

### September-November
- Discuss and provide inputs for the draft
- Stakeholder consultation planning
- CFSI Session?

### December
- Review, present to the AG "beta" draft to be released for public comment
- Update/lessons from pilots in Colombia

### January-February
- Review, present to the AG "beta" draft to be released for public comment
- Public consultation period

### March
- Summary of comments received
- Review proposal for addressing comments
- Lessons from Colombia pilots

### May
- Review proposed v1 for release
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**Advisory Group**

- **Steering committee**
  - Lead by RESOLVE
  - Composed of stakeholders and funders of the CAPAZ program.
  - Responsible for providing strategic advice to the implementing partners related to the development of the MES and related programmatic elements
  - 6-12 members. [List in the website](#).
- **Main functions**
  - Contributing to scoping and guiding the development of the MES;
  - Advising and overseeing the scope, procedures, and general activities of the Market Entry Standard Technical Committee;
  - Advising on strategic opportunities of interaction and alignment with others;
  - Advising on strategic actions how the standard could be developed and used to support progressive improvement in the ASM gold;
  - Raising awareness of, and supporting stakeholder engagement in, the global consultation to draft and pilot test the MES;
  - Seek to reach agreement on the MES draft and recommend it for approval by the ARM Board of Directors.

**Standard Committee**

- **Technical and permanent Committee**-Governance and Maintenance of the MES
  - Lead by ARM
  - It adheres to the [Generic Terms of Reference (ToR)](#) and the [Specific ToR of the Standard Committee (ToR)](#)
  - It has a decision-making mandate
  - The primary official language of the Market Entry Standard Committee shall be English
  - At least 10 and maximum 16 members +coordinator
  - Every member has one vote. Quorum (+50%)
- **Main functions**
  - Develop and review the Standard;
  - Monitor the appropriateness of the procedures
  - Provide technical input for the development of the Standard;
  - Review the proper stakeholder involvement;
  - Advise ARM on all matters regarding the Standard Content;
  - Approve final draft of the Standard to present to AG
  - Receive recommendation from the Advisory Committee;
  - Assure the inclusion of the OECD Due Diligence Guidance;
  - Recommend on the ways of verification.
Advisory Group members

- **LUDOVIC BERNAUDAT**, UNITED NATIONS ENVIRONMENT PROGRAMME
- **YVES BERTRAN**, ARM EXECUTIVE DIRECTOR
- **LEAH BUTLER**, CONFLICT-FREE SOURCING INITIATIVE
- **ESTELLE LEVIN**, LEVIN SOURCES
- **ANNE-MARIE FLEURY**, RESPONSIBLE JEWELLERY COUNCIL
- **PHILIPPE FORNIER**, BETTER GOLD INITIATIVE/SWISS BETTER GOLD ASSOCIATION
- **NEIL HARBY**, LONDON BULLION MARKET ASSOCIATION
- **LOUIS MARECHAL**, OECD (OBSERVER)
- **BOUKJE THEEUWES**, SOLIDARIDAD
- **MARLENE WAFLER**, PACT
- **AIMEE BOULANGER** – IRMA
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Feedback 1st Advisory Group meeting

- Importance of value/incentives for artisanal miners;
- Naming the standard;
- Defining risks;
- Grievance mechanism;
- Outreach and stakeholder engagement.
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Standards Committee Procedures (1)

- The Specific MES Standard Committee ToR are designed based on ARM Standards-Setting Procedures and Generic ToR Standards Committee.

- The procedures have evolved from past standard setting exercises (Standard Zero and Fairmined Standard).

- The procedures aim to be aligned with the usual roles of standard committees and key principles of the “ISEAL Code of Good Practice for Setting Social and Environmental Standards”.

- **Process of developing a new Standard**: Terms of Reference, Work Plan, Formal Consultation (first round is mandatory-60 days), special considerations for inclusion of stakeholders.
Standards Committee Procedures (2)

- Ideal Composition: 1/3 supply side, 1/3 demand side and supply chain, 1/3 thematic or sectorial experts and the Standards Coordinator. Geographical balance/neither stakeholder group shall have a majority (+50%).
- Decision making process:
  - Every member has one vote. Proxy votes (delegated in writing to the Chair) are possible.
  - Quorum for decisions: if more than half (+50%) of the members participate.
  - Strive for consensus on the content of the standard. The highest level is unanimity.
  - The Complaints procedures v 2.0.

Questions?
Can we agree to follow these procedures and ToR?
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Election of Chair and Vice-chair

The Chair assumes the role to:

• head the meetings and for that is supported by the Standard Coordinator and the entire team;
• ensure effective meetings and full participation during the meetings;
• the agenda is sent on time for all members and all the issues are included during the discussions in the meetings.

The Standard Committee shall elect a Chair and a Vice-Chair for renewable periods of 2 years.

The Vice-Chair replaces the Chair in cases of absence, conflict of interest or other grounds found necessary.
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Thanks!

Official website of the Market Entry Standard

Official email address
standards@responsiblemines.org