

A Sustainability Renaissance?

The Role of Standards in the Extractives Sector



What is the ISEAL Alliance

Global association of sustainability standards

- › Founded in 2002
- › Not for profit company based in London
- › **Mission:**
Strengthen sustainability standards systems for the benefit of people and the environment.



Our Four Goals

- › Demonstrate and improve the **impact** of standards
- › Improve the **effectiveness** of standards
- › Define **credibility** for sustainability standards
- › Increase **adoption** of credible sustainability standards



ISEAL Credibility Principles

- › Essentials for a standards system to deliver positive sustainability impacts
- › Global agreement on identifying and engaging with credible standards systems
- › Upcoming webinars: 17 and 18 July 2013. www.iseal.org/webinars



A Growing Movement

Full Members



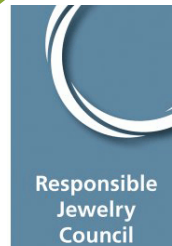
Sustainable Agriculture Network



Associate Members



A sample of the Initiatives in the Extractives Sector



Drivers of Standards Development in Extractives

- › Recognition of the need for more responsible practices and leadership in non-renewable resource sectors – transition to the green economy
- › Concerns around transparency and legality of trade
- › Business demand for supply chain management tools
- › Human and labour rights issues, concerns about sourcing from conflict-affected areas
- › Potential to support poverty reduction and economic development

What is the role for standards?



ISEAL Webinar: The Role of Standards in the Extractives Sector

Responsible Jewellery Council: a mine to retail initiative

June 25, 2013


Fiona Solomon – RJC Director, Standards Development



Responsible Jewellery Council (RJC)

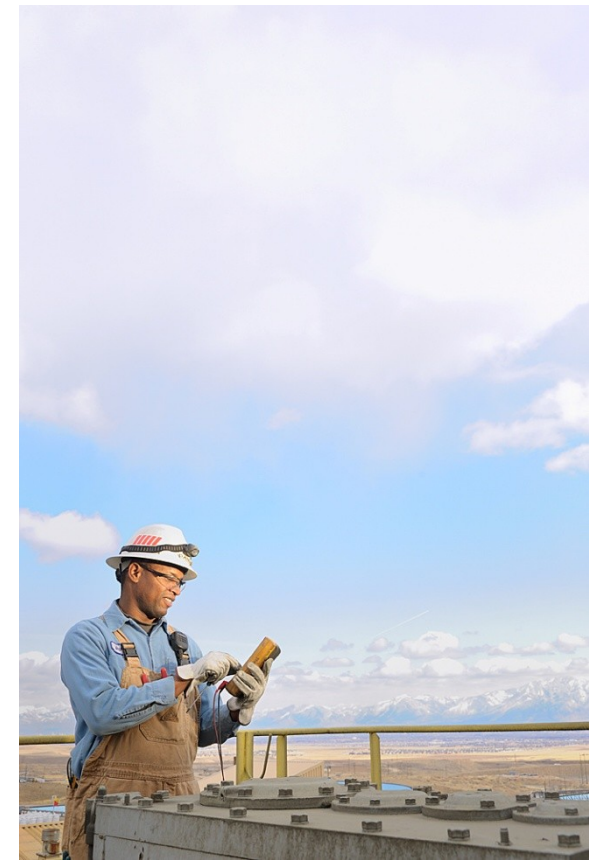
- **Objective:** to advance responsible business practices in the jewellery supply chain, from mine to retail
- **Scope:**
 - Diamonds, gold and platinum group metals
 - Global scope – Certified facilities in >45 countries
- **2 Standards for Certification:**
 - *Code of Practices:* business ethics, human rights, social and environmental performance for all supply chain participants. Includes mining sector-specific standards.
 - *Chain-of-Custody:* platform for responsibly sourced precious metals to be audited for chain-of-custody requirements. Can support compliance needs re conflict minerals.

Unique features

- 
- **RJC very focussed on harmonisation and collaboration:**
 - Recognition of Fairtrade-Fairmined Standard, open to others
 - Recognition of Gold Refiner audits with LBMA and EICC
 - ARM, DDI, Equitable Origin and others on RJC Standards Committee to support collaboration efforts re mining
 - **Whole of supply chain participation in Certification:**
 - Many standards focus only on production end
 - RJC covers entire jewellery supply chain from mine to retail
 - Governance is structured to avoid dominance of one sector – ‘industry’ is not homogenous, very broad Membership committed to responsible practices

Outreach and capacity building

- **Since 2005 RJC has grown from 14 to 450 Members**
 - 270 have achieved Certification
 - Remainder working to 2 year deadline
- **Mining Members comparatively slower growth: 9 Members currently**
 - Increase outreach in 2014
 - Adding platinum group metals to COP as part of COP Review
 - Continue to work with Solidaridad, Swiss Better Gold Initiative, OECD



Key issues addressed in RJC Standards

■ Aim to take a comprehensive approach to CSR / supply chain issues in RJC Standards.

- **Current Code of Practices Review** is adding new mining-relevant provisions on:
 - Free Prior and Informed Consent;
 - Sourcing from Artisanal Mining;
 - Sourcing from Conflict-Affected Areas;
 - Mercury; and
 - Provenance Claims
- **Chain-of-Custody Standard** addresses conflict-sensitive sourcing in more detail, especially for mining companies and refiners (upstream supply chain).



Summary



- **Importance of ISEAL Codes for standards development, impacts, assurance** – RJC is a Full ISEAL Member and strongly committed to these
- **Successful record of harmonisation** – RJC will continue to work with parallel initiatives that wish to collaborate
- **Current Code of Practices Review** – final comment period, let us know your thoughts!

<http://www.responsiblejewellery.com/standards-development/code-of-practices-review/>



Assheton Carter, VP Global
Engagement
acarter-c@equitableorigin.com
917 677 7671



ISEAL Webinar: The Role of Standards in the Extractives sector

Equitable Origin (EO)

Equitable Origin is the **world's first independent social and environmental certification, certificate trading, and ecolabel system** for oil and gas exploration and production.

We **seek to catalyze a new paradigm** for the oil and gas industry where **environmental and biodiversity protection is optimized**, and **local communities benefit** socially and economically.

Resource curse

Oil development has not improved local living standards. Most communities living around oil fields in Latin America show higher poverty rates.



Our Theory of Change

- We believe we share a **collective duty** to manage responsibly the production of energy resources.
- We believe responsible operators can be a **positive force** for development.
- We believe leading companies will adopt better practices and continually improve them when they are **publicly recognized and rewarded** for doing so.
- We provide a **pragmatic technical framework** designed to foster greater cooperation between the oil and gas industry and communities.
- We provide a tool for Indigenous Peoples, communities and NGOs to hold oil and gas companies to account for ensuring **higher standards of environmental, social and governance performance** at their sites.

Our EO100™ Standard

EO100™ STANDARD PRINCIPLES

There are six EO100™ Standard principles which cover governmental, social and environmental issues around oil and gas exploration and production.

- | | | | | | |
|---|--|---|---|--|--|
| 1 |  | Corporate Governance, Accountability & Ethics | 4 |  | Indigenous Peoples' Rights |
| 2 |  | Human Rights, Social Impact & Community Development | 5 |  | Climate Change, Biodiversity & Environment |
| 3 |  | Fair Labor & Working Conditions | 6 |  | Project Life Cycle Management |

Founded on the Principle of Stakeholder Engagement

The EO100™ Standard was **conceived and developed with the most important stakeholders** for oil and gas development:

Traditionally marginalized people in the Amazon Basin engaged through **over 70 community workshops and events** held between 2009 and 2012.

Over **1500 individual and institutional stakeholders** contacted and more than **2000 comments** captured through on-line public consultation tool.

Our commitment to stakeholder-engagement in every aspect of our system ensures we have the most credible certification in the industry.



Stakeholder Engagement and Standard Development

February
2009



Stakeholder Group formed to develop consultation draft of the EO100™ Standard

December
2009



First consultation draft of the EO100™ Standard made public

March
2010



Launch of workshops with local and Indigenous communities in Ecuador

June - July
2010



First 30-day Public Comment Period

August - November
2010



Second 90-day Public Comment Period

November
2010



Revised version of the EO100™ Standard made public

February - April
2011



Formal Consultation Committee established and committee meetings held



May
2011



Consensus achieved for revised version of the EO100™ Standard and made public

June - January
2011 - 2012



Input from international NGOs, standards bodies, academics and other experts

February
2012



Public launch of the EO100™ Standard.

December
2012



Achieved Associate Member Status with the ISEAL Alliance, the global membership association for sustainability standards.

January
2013 onwards



Continue international consultations of the EO100™ Standard

June
2013



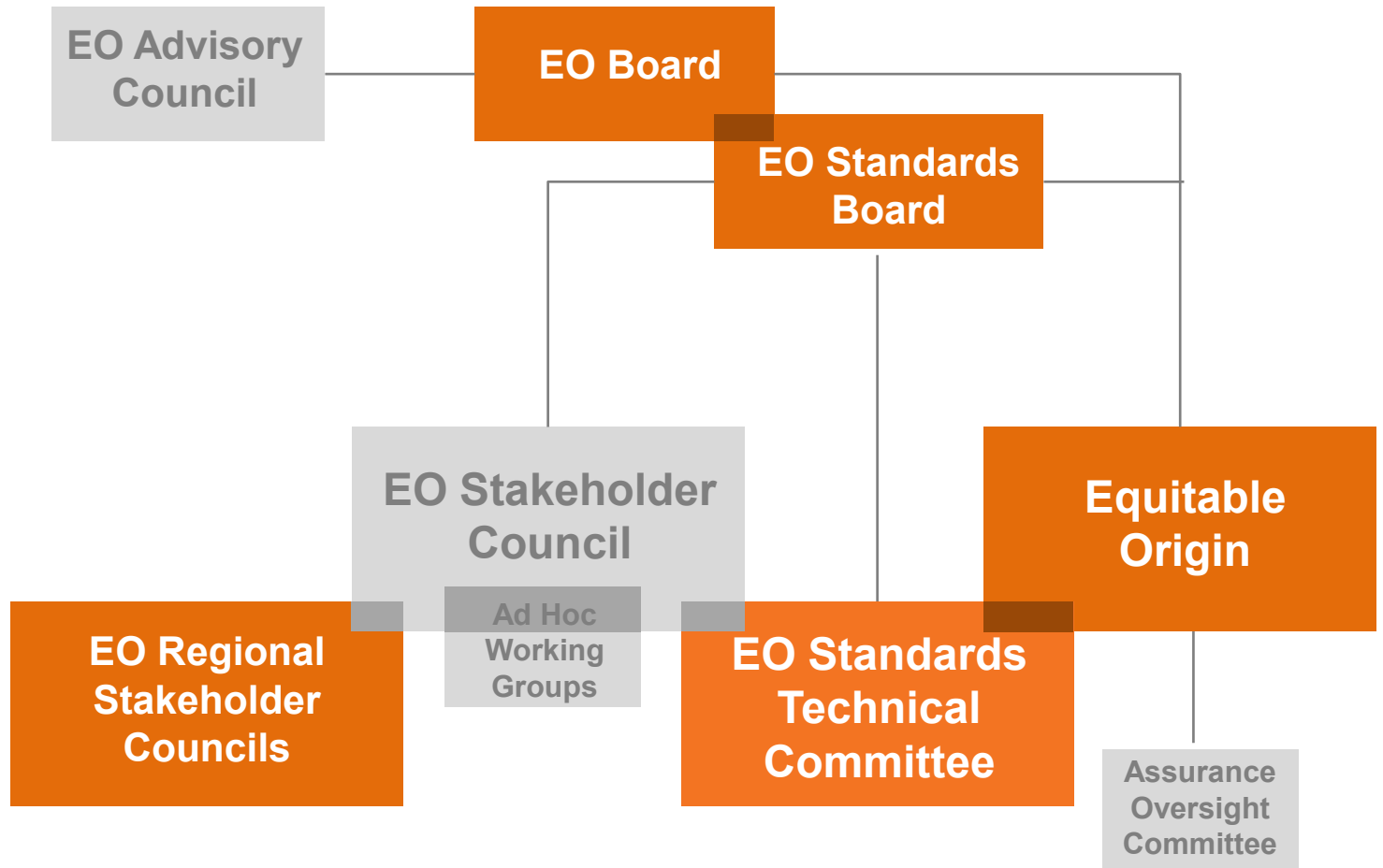
Launch of Regional Stakeholder Council for Latin America

June
2014



Launch of global public consultation process

Governance Structure





Alliance for Responsible Mining



How does FAIRMINED certification enable responsible Artisanal and Small Scale Mining?





Scope: Artisanal and Small-scale Gold Mining (ASGM)

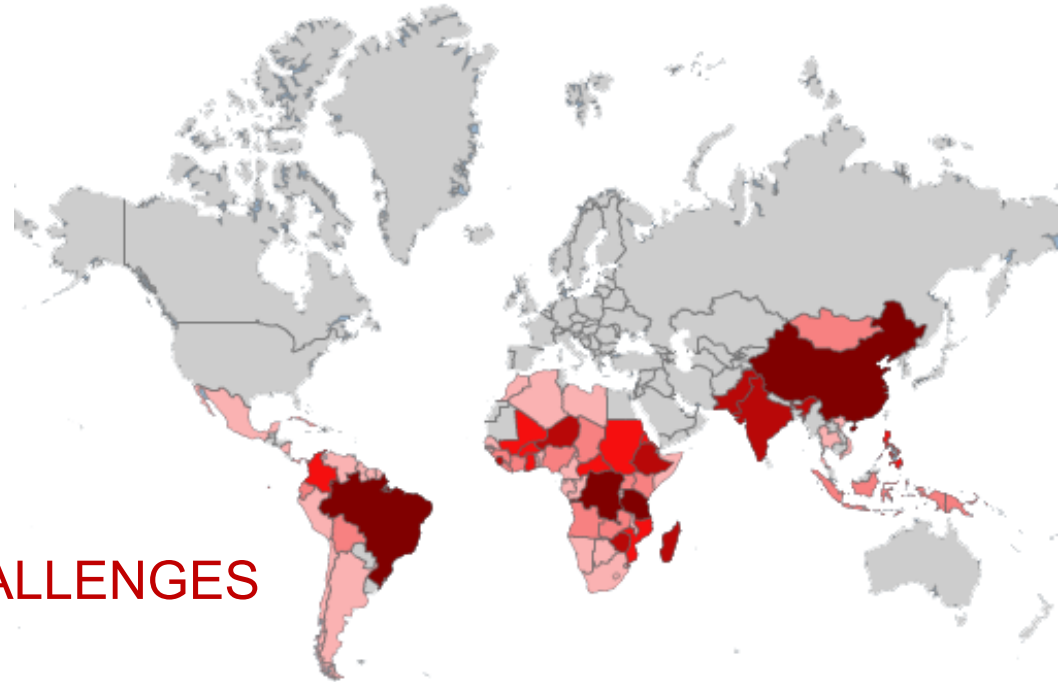
- 15-20 million miners
- 100 million depend on it indirectly
- 10-15% of gold is produced by ASM....with 90% of labor force
- **ASM is LSM in social terms**

MANY SUSTAINABILITY CHALLENGES

but...

ENORMOUS DEVELOPMENT POTENTIAL

- ✓ **Generates livelihoods and employment**
- ✓ **Limits rural exodus**
- ✓ **Activates local and regional economies**

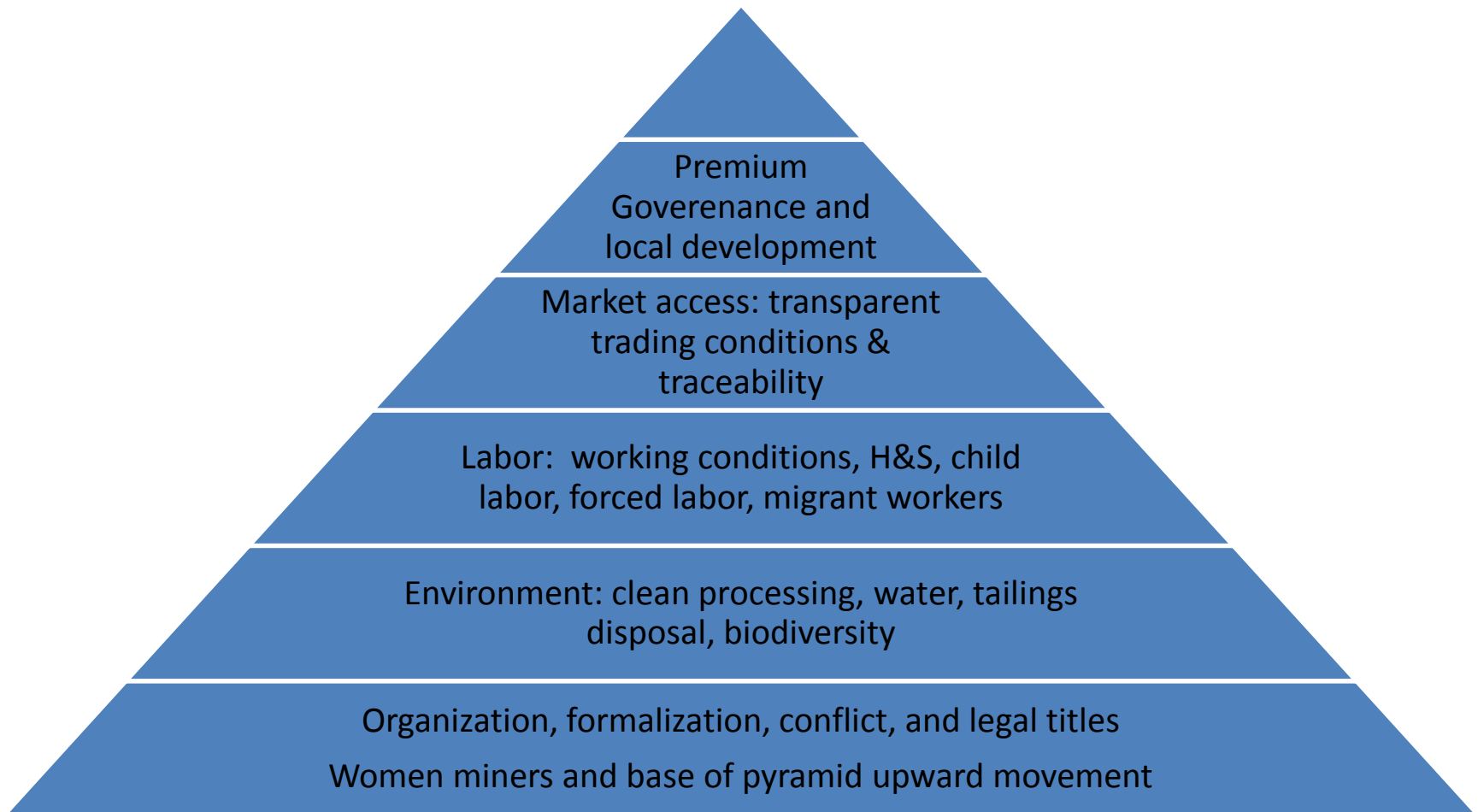


Alliance for Responsible Mining





FAIRMINED Standard – MAIN SUSTAINABILITY CHALLENGES





ROAD TO FAIRMINED

2004

- ARM – multiple stakeholders initiative inspired by Oro Verde/ Green Gold, implemented through ARM’s Latin American network RESPOMIN for responsible ASM

2006-2009

- Vision and principles for Responsible ASM
- Standard Zero – first standard for ASM developed through extensive consultation

2010

- FLO-ARM Partnership
- FAIRTRADE & FAIRMINED STANDARD

2013

- FAIRMINED and FAIRTRADE go separately - 2013
- Different business models – different product portfolios and priorities
- More strategic flexibility to respond to market demand





What next for FAIRMINED

2nd round of public consultation - July

Flexible market models: Incorporating FAIRMINED in Supply Chains / FAIRMINED Consumer Products

Towards a leaner certification system

Synergies with other supply chain initiatives: E.g. RJC
Alignment with international standards E.g. OECD and GMP



FAIRMINED Premium Model

- *The FAIRMINED premium is now 4,500 USD per kilogram of FAIRMINED gold, reflecting the 10% premium at the price of gold around 1400 USD per ounce. This was the level around which the price oscillated when the first ASMO got certified (December 2010) and when first certified gold entered the market (February 2011). It was the level which seemed to be acceptable by both the market and the miners.*
- *In the context of gold price uncertainty, fixing the Premium at this level reduces the risk for both sides: it allows the market players to better plan their costs and sales strategy, safeguarding them from price increases; while at the same time it guarantees the ASMOs a stability of the development investments to which the Premium income is committed, in case the price tumbles.*
- *In ARM's experience the Premium constitutes a key incentive and compensation for miners to formalize and become certified, a promise to which the miners committed themselves and towards which they have worked.*
- *The FAIRMINED premium enables certified ASMOs to realistically engage at three levels of responsibility in their communities, in order to deliver sustainable benefits for ASM mining communities.*



Alliance for Responsible Mining





STANDARD IS ONLY ONE OF THE TOOLS...

FORMALISATION

Standards
Development

Training and
Advisory Center

Advocating for
enabling legal
and market
environments

Fairmined

Vision for
other mined
products

For Miners

For
Governments
and the
Industry

Human rights
approach to
ASM

Sustainability
in the industry

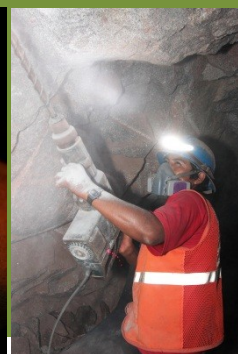
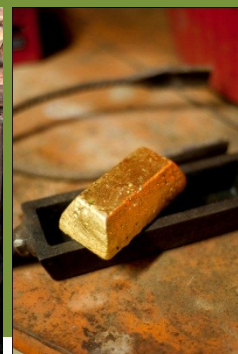
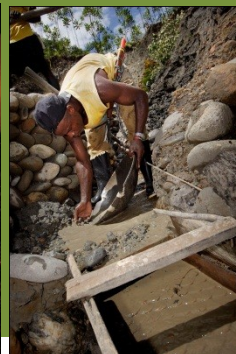
Since 2005 we have been bringing together organisations and individuals committed to the positive transformations of the sector.

ARM is a global non-for profit organisation established in Colombia.

THANK YOU



Alliance for Responsible Mining





Fairtrade Precious Metals
Seal Presentation June 2013



Objectives

- To create a world in which miners working in the artisanal and small-scale mining sector can enjoy a sustainable livelihood for themselves, their families and communities
- To harness their social, economic and environmental potential for the common good.
- To deliver significant market demand for ASM products to enable producers to strengthen their position and take control of their lives.
- To advocate for better livelihoods conditions with global consumers and policy makers.
- To raise awareness of the ASM sector by connecting miners and consumers through the Fairtrade Label.



Who we work with and our approach.

- We work with artisanal and small-scale miners, they are our primary beneficiaries.
- With over 100 million global dependents, ASM is one of the biggest overlooked and under resourced sectors in the world.
- We work with the jewellery and precious metal supply chain to build verifiable chains of custody from mine to retail
- The industry trend is towards greater transparency and traceability - Fairtrade meets that need head on.
- We talk directly to consumers to raise awareness of the challenges facing small-scale miners and to harness consumer power to advocate for sustainable change in the jewellery sector
- In simple terms we work at source - through the supply chain - with end users and consumers



Our current challenges are

Making the transition from being in partnership with Alliance for Responsible Mining to being a stand alone standards setting organisation in the sector.

Building our experience from working in South America to working in Africa. The social, cultural, environmental and legislative frameworks are vastly different, and we are having to unlearn much of what has gone before to be truly contextual.

Integrating our vast knowledge and wealth of expertise across other product categories (cotton, cocoa, coffee) and applying that to ASM products

Creating market opportunities for small volume miners as well as large volume miners

Staying focussed on market realities and improvements and not getting distracted by non-essential issues



Promoting better practices & partnerships

We face huge challenges working in the ASM sector, none more so than overcoming the inherent paternalism that exists between north and south.

Our two biggest challenges we are currently facing are;

- a) Creating a model of genuine contextual sustainability that can replicate good practice that is not contingent on donor funding from western agencies. This is a false economy more suited to the organisational needs of support organisations, rather than genuine empowerment.
- b) Creating a low cost, accessible mercury eradication programme that can work alongside our standards process that will see all our African partners become ecological in their production

Currently Fairtrade is working with Alliance for Responsible Mining and Solidaridad in east Africa, Swiss Better Gold Initiative, a number of the UK trade associations. We recognise that no one organisation alone can meet the challenges faced by small-scale miners, and Fairtrade is committed to facilitating a global response to ASM business opportunity



Thank You!



info@isealalliance.org
www.iseal.org