

IRMA Standard Revision

Stakeholder Feedback Webinar

Draft Chain of Custody Standard

for Responsibly Mined Materials

Agenda

1. House rules
2. Ways to contribute today
3. IRMA revision process
4. Overview of the proposed changes
5. IRMA CoC Verification Process
6. Q&A and live chat contribution

1. House rules

- This event is hosted by **IRMA, the Initiative for Responsible Mining Assurance.**
- This event is being recorded and the recording will be made publicly available on the IRMA website.
- Participants may not post any unlawful, offensive, threatening, libelous, defamatory, obscene or otherwise objectionable content.
- Participants may not post, or send, or link to hateful, degrading, criminal or sensitive imagery or content, or to any content or material that violates laws, violates third party's privacy rights, advocates intolerance or hate against other people on the basis of actual or perceived ethnicity, national origin, caste, sexual orientation, gender, gender identity, religious affiliation, age, disability, or disease.
- Participants may not post or send or link to Spam content or mass unsolicited or aggressive activity that attempts to drive traffic or attention to unrelated accounts, products, services, or initiatives.

2. Ways to contribute today

- This event represents one of the many opportunities and channels available to contribute to the IRMA Standards Revision Process

Chat function

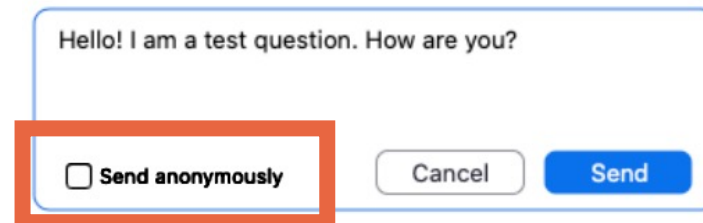
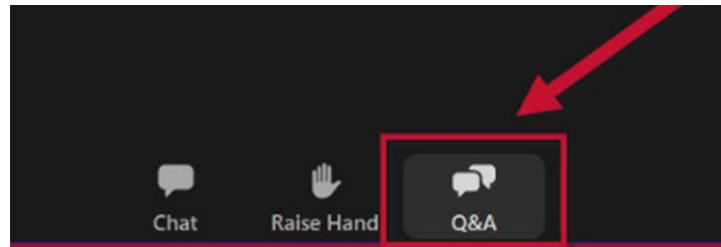
- Participants can also use the Chat function of zoom to share content with the whole audience
- Please note that the chat cannot be used in an anonymous way

2. Ways to contribute today

- This event represents one of the many opportunities and channels available to contribute to the IRMA Standards Revision Process

Q&A function

- Participants can use the Q&A function of zoom to submit any comment, suggestion, feedback, question, concern, recommendation to IRMA.
- Participants can decide to submit content via the Q&A function in an **anonymous** way



2. Ways to contribute today

- This event represents one of the many opportunities and channels available to contribute to the IRMA Standards Revision Process

=> All content shared with us today will be saved and considered by IRMA as part of the Standard revision process

3. IRMA revision process

A comprehensive revision of our standards allows us to:



Ensure our system remains accountable to all sectors and is aligned with our mission and vision



Remain up-to-date: Reflect the latest scientific understanding in our standard; learning from other standards, policies, laws



Add clarity: Make the standard clearer, more accessible for all stakeholders; learning from first audits



Add consistency: Better align the structure and flow of chapters that are similar; embedding good management systems practice and models

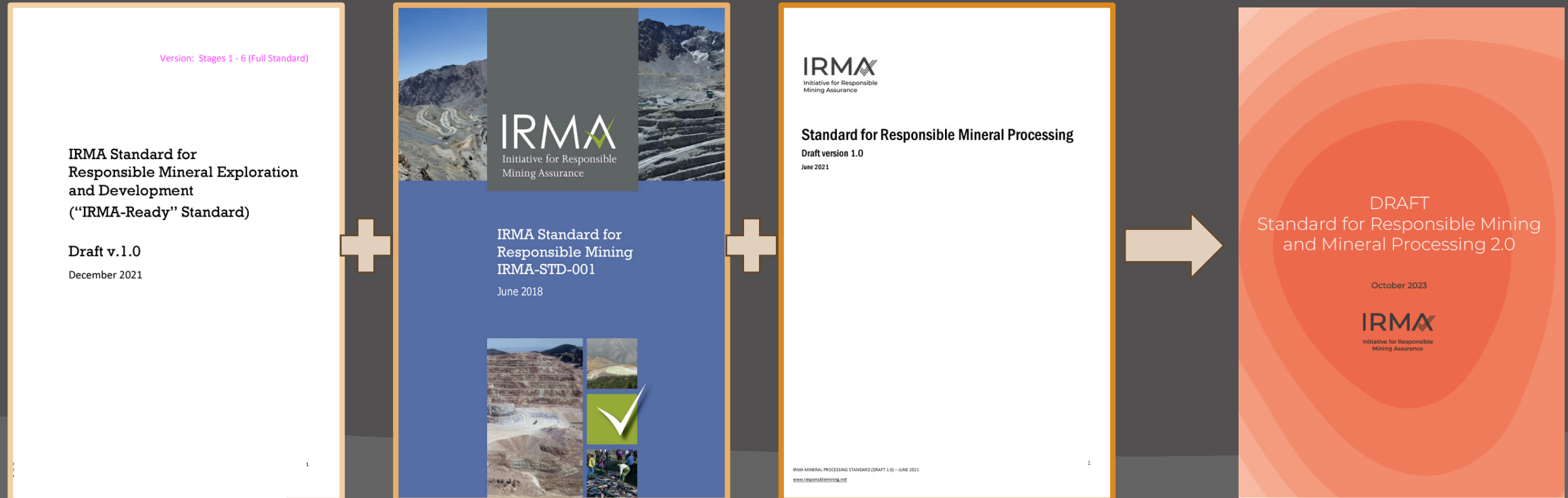


Fill gaps: Address the most significant environmental and social issues

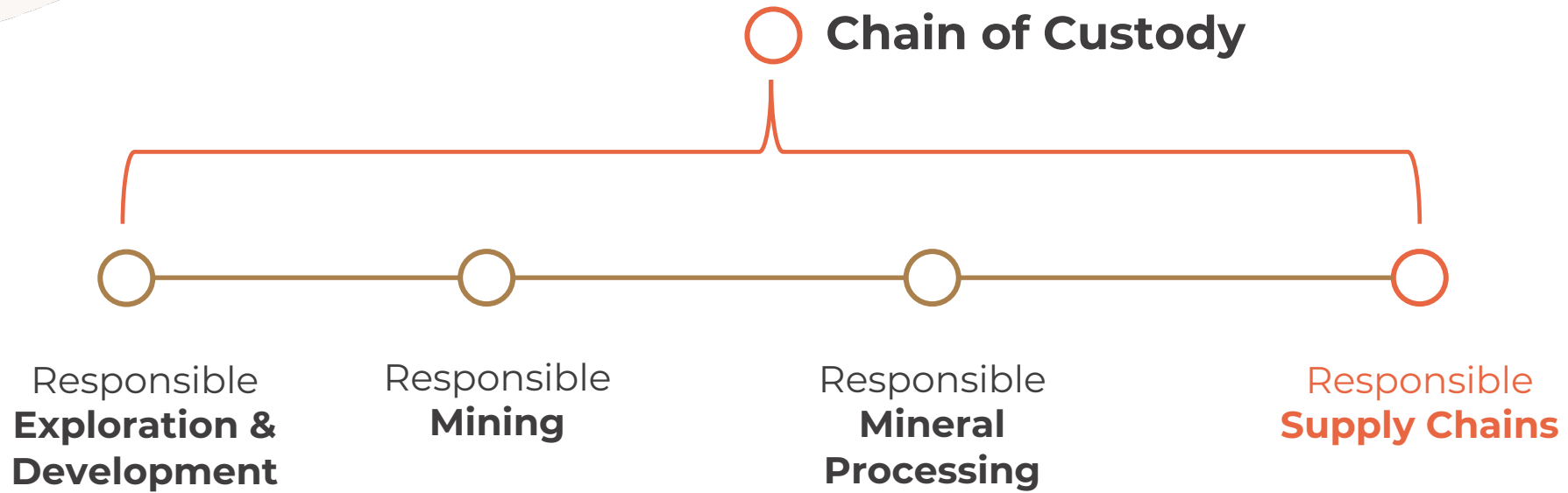
Holistic and integrated approach

IRMA is evolving to address key phases of the mineral supply chain.

- Exploration & Development
- Mining
- Mineral processing



IRMA is Evolving to support Supply Chain due diligence



New DRAFT standards draw from IRMA's Mining Standard

*so that high-bar environmental and social expectations will be **consistent throughout the supply chain***

Purchasers want to source responsibly produced raw materials and want to know that all links in the mineral supply chain have been managed responsibly

Chain of Custody

Standard for Responsibly Mined Materials

Objective: to provide the base-level requirements for traceability for any mined material *from the mine* through the downstream chain of custody *to the end consumer*.

The IRMA Chain of Custody Standard aims to:

- a) Provide entities in the supply chain with a common set of requirements for sourcing, tracking, accounting, handling, and selling IRMA-achieving mined materials.
- b) Establish requirements that can be independently audited to provide objective evidence for the flow of IRMA-achieving mined materials through the supply chain.

What is in the new consultation draft?



- **Transmittal Letter:** **Not Board approved**; invitation for comments on all content; reflection of IRMA principles (best practice, sound science, efficiency, equal stakeholder value, etc.), the context for proposed changes and questions.
- **Drafters' Notes:** Indicate divergence with the 2020 Draft v1.0 and why the change is being proposed.
 - **NOTES** at the beginning of each chapter with a summary of changes proposed and why (e.g., previous requirement wording was unclear, or we had a gap with other standards, international norms, regulatory bodies)
 - **CONSULTATION QUESTIONS** lay out the challenging issues that have been raised and ask for feedback to help resolve them

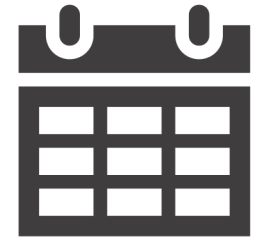
Consultation draft V2.0 informed by:

- Review of other standards, including:
 - ISO 22095 Chain of Custody – General terminology and models
 - AMIRA P754: Metal Accounting, Code of Practice and Guidelines
 - London Platinum and Palladium (LPPM) Responsible Platinum/Palladium Guidance
 - ResponsibleSteel
 - Responsible Jewellery Council
- Increased public awareness and evolving expectations of best practice
- Review of emerging issues garnering international discussions
- Comments on DRAFT CoC Standard V1.0
- Ongoing input from stakeholders on particular content

How to participate?

Public Consultation period is open

From Oct 26 – Jan 26: **90 days**



End date:
January 26, 2024

- Consultation period is 90 days
- There are many ways to participate!
- All comments will be considered equally and objectively
- They will be included in a public summary of all comments received
- **Comments may be treated confidentially if desired**

Other channels

- Via email

comments@responsiblemining.net

- Via WhatsApp

To comment via text or voice, use the IRMA WhatsApp number:

+1.301.202.1445

- Via postal mail to

IRMA Std Comments

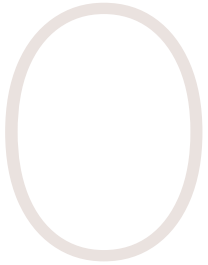
113 Cherry St, #74985

Seattle, Washington, 98104

USA

4. Proposed changes

Overview of Proposed changes



Fill gaps



In addition to the three different material accounting systems covered in the first draft: **Identity Preserved**, **Segregation**, and **Mass Balance**;

We propose to include **Controlled Blending** and **Book and Claim** material accounting methodologies in the IRMA Chain of Custody Standard.

Proposed Models for Material Accounting

Physical
Chain of
Custody

Admin.
Record
Flow

- **Identity Preserved:** Materials or products originate from a single source with IRMA achievement levels maintained throughout the supply chain
 - **Segregated:** IRMA achievement levels of a material or product are maintained from the initial input to the final output
 - **Controlled Blending:** Materials or products with IRMA achievement levels are mixed with other materials or products resulting in a known proportion of IRMA-achieving material in the final output
 - **Mass Balance:** Materials or products with IRMA achievement levels are mixed according to defined criteria with other materials or products
-
- ***Book and Claim:** Administrative record flow is not necessarily connected to the physical flow of material or product throughout the supply chain. ****Subject to approval by IRMA Board***

Identity Preserved Model - *chain of custody model* in which the materials or products originate from a single source and their *IRMA Standard achievement level* is maintained throughout the supply chain.

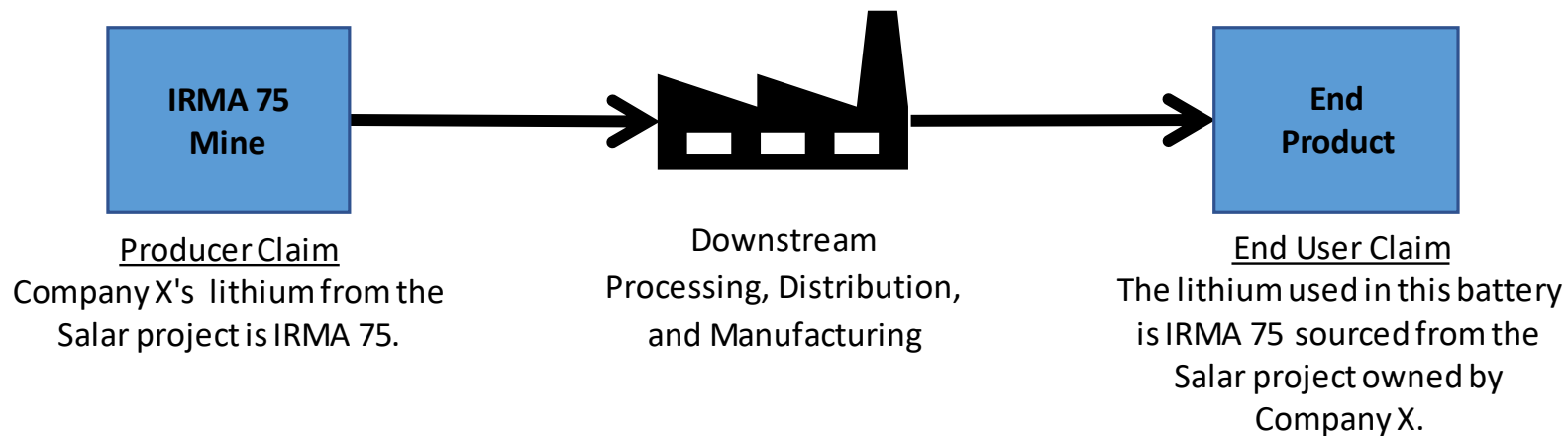


Figure 1. IRMA Identity Preserved Model (adapted from ISO Standard No. 22095:2020)

Segregated Model - *chain of custody model* in which the materials or products originate from a multiple sources having the same characteristics and their *IRMA Standard achievement level* is maintained throughout the supply chain.

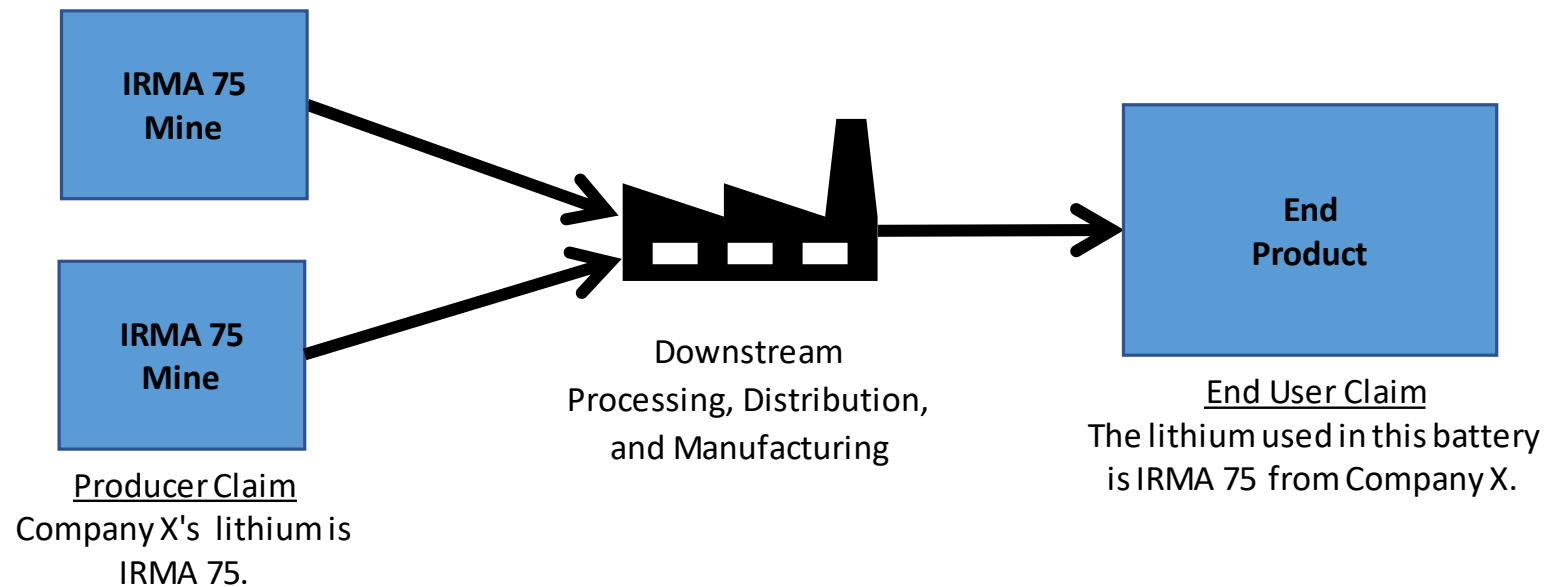


Figure 2. IRMA Segregated Model (adapted from ISO Standard No. 22095:2020)

Controlled Blending Model - *chain of custody model* in which materials or products with a set of *IRMA Standard achievement levels* are mixed according to certain criteria with materials or products without that set of characteristics resulting in a known proportion of the *IRMA Standard achievement levels* in the final output.

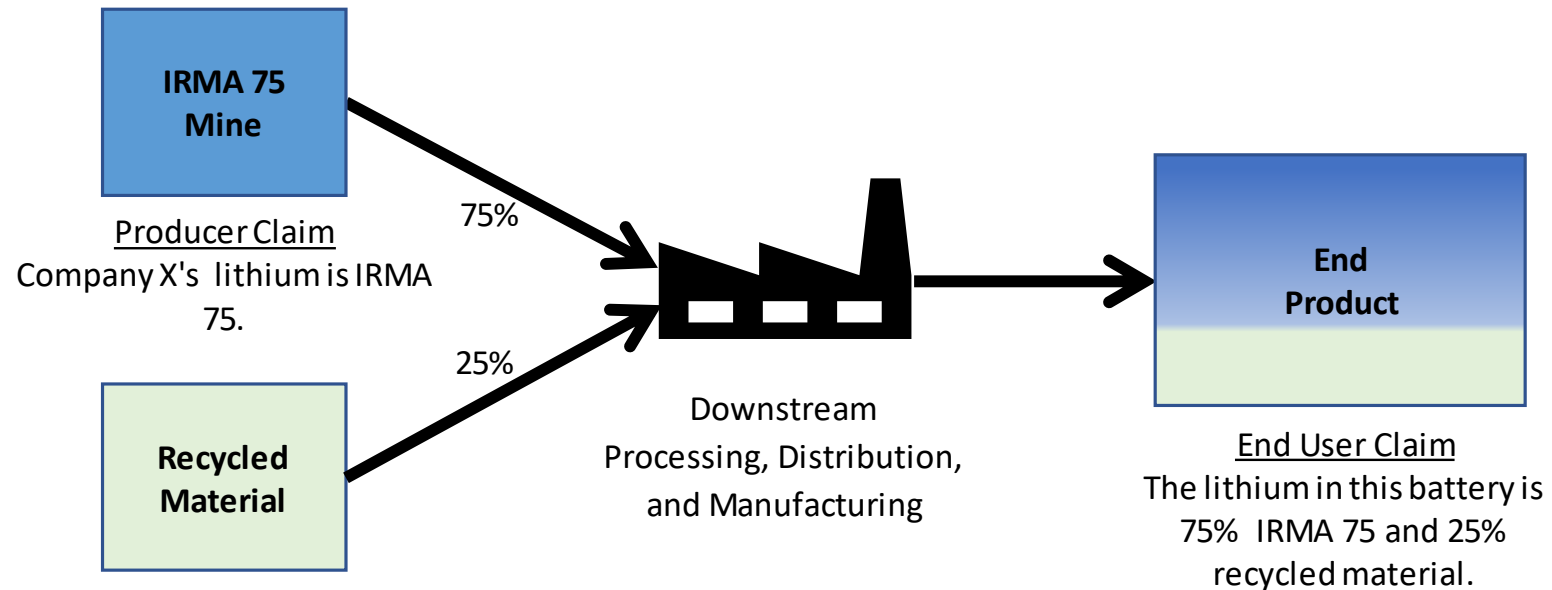


Figure 3. IRMA Controlled Blending Model (adapted from ISO Standard No. 22095:2020)

Mass Balance Model - *chain of custody model* in which materials or products with a set of *IRMA Standard achievement levels* are mixed according to defined criteria with materials or products without that set of characteristics.

For entities using the mass balance model, two implementation methods may be used:

1. Rolling average percentage implementation method.

The rolling average percentage method is based on the use of a fluctuating proportion of input bearing specified characteristics entering the entity over a defined claim period, allowing a claim of an average percentage to be made for the output over the claim period.

2. Credit method.

The credit method is applicable when two or more types of input are used in a material or product. The recorded output amount of each type shall be equivalent to the physical input, taking into account the conversion factor.

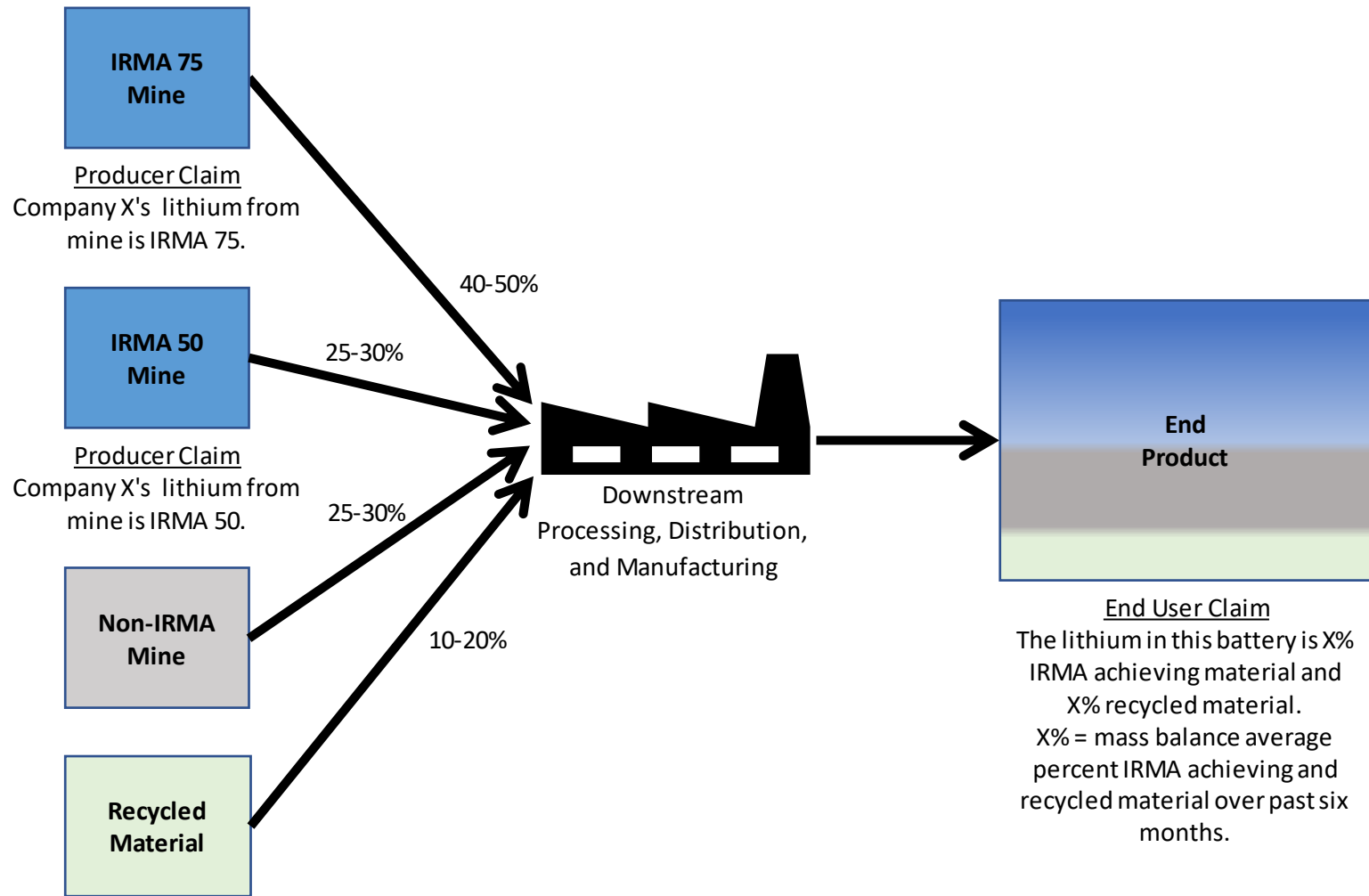


Figure 4. IRMA Mass Balance Model (Rolling average percentage implementation method) (adapted from ISO Standard No. 22095:2020)

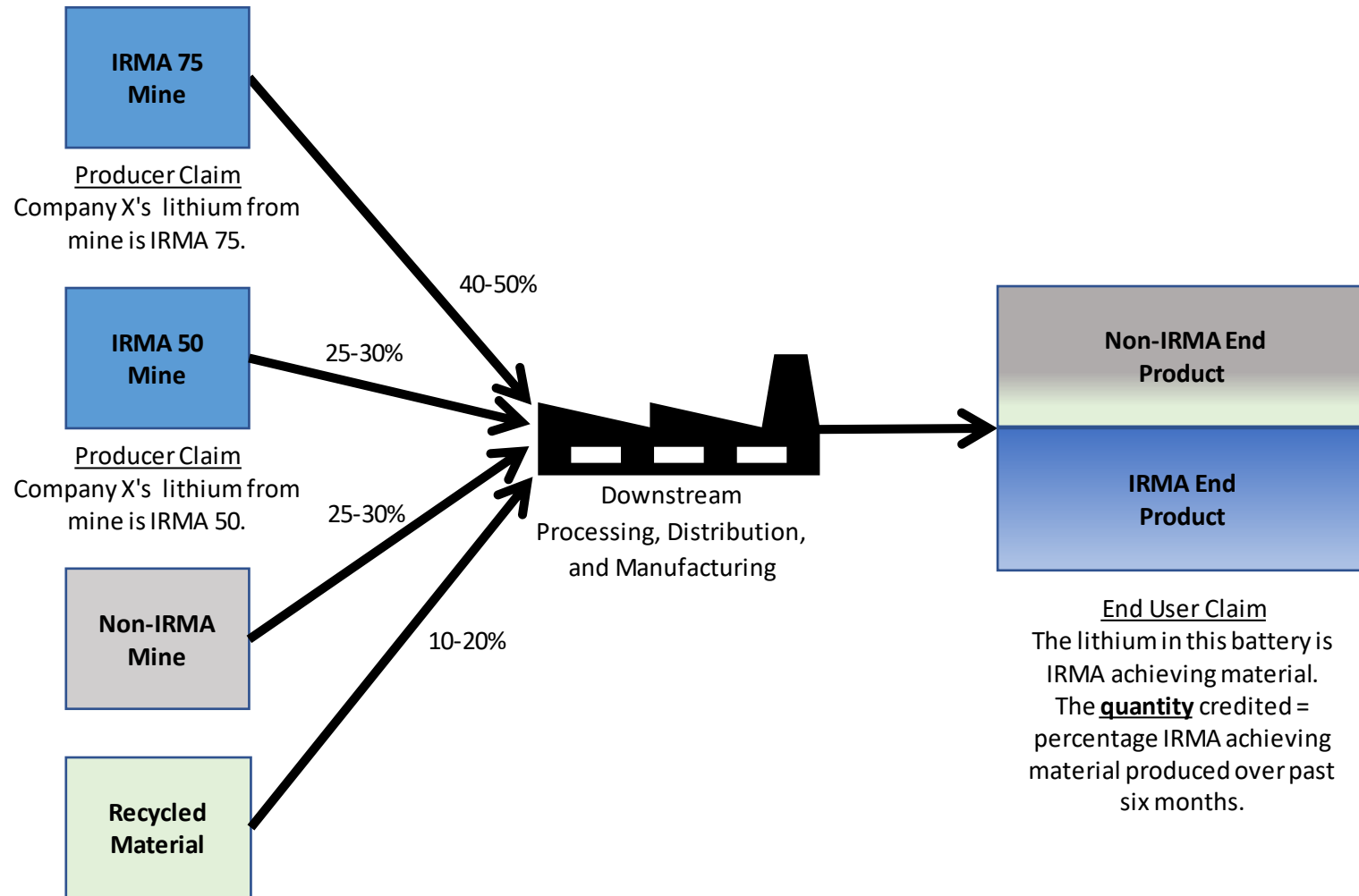


Figure 5. IRMA Mass Balance Model (Credit method) (adapted from ISO Standard No. 22095:2020)

Book and Claim Model – *chain of custody model* in which the administrative record flow is not necessarily connected to the physical flow of material or product throughout the supply chain.

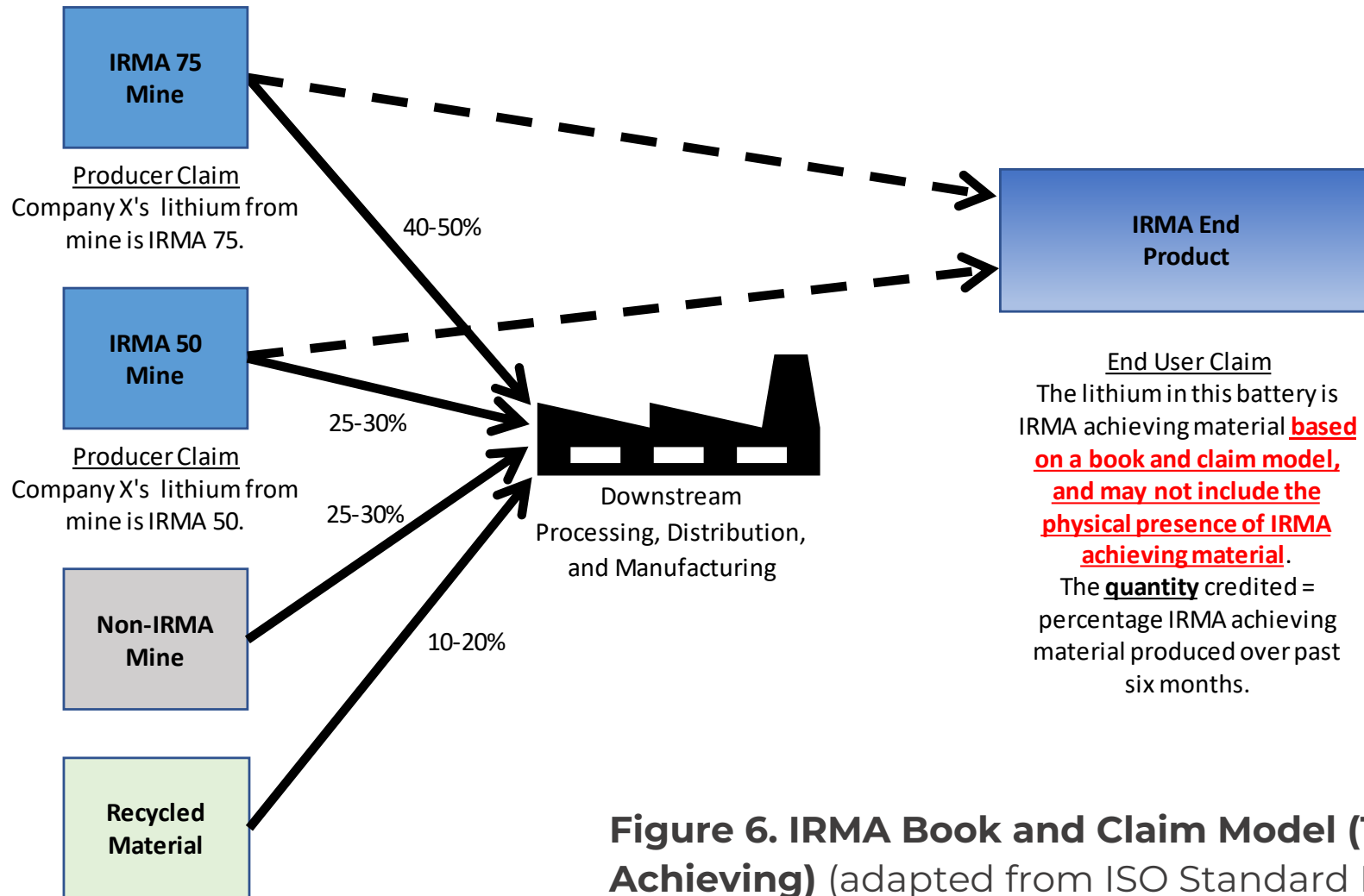
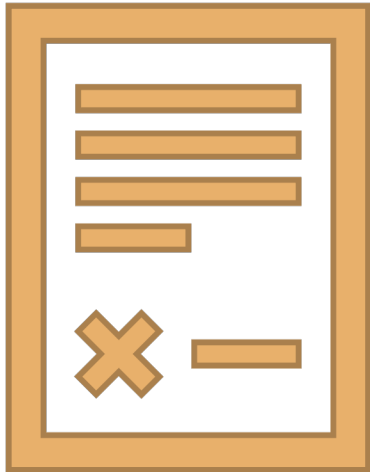


Figure 6. IRMA Book and Claim Model (100% IRMA Achieving) (adapted from ISO Standard No. 22095:2020)

Book and Claim Supply Chain Model: Rationale

1



Supply chains for certain materials (platinum group metals (PGMs), lithium, and others) involve mixing material from multiple mine sources.

Not allowing a book and claim system would require physical segregation of IRMA material in a manner that would not be practical, as the processes are continuous and require a blended feed.

Book and Claim Supply Chain Model: Rationale

2



Nearly all current mined materials supply chains rely significantly on inputs and transfers that include tolling, brokering, trading, warehousing, and shipping.

Maintaining segregation of IRMA and non-IRMA materials would require modification of existing practices and significant shifts in storage space, logistics, capital investments, use of block-chain or similar tracking methods that are not yet in widespread use.

Book and Claim Supply Chain Model: Rationale

3



Existing chain of custody models for mined materials are not widely used because they do not include a book and claim option and are therefore not practical for some supply chains (especially industrial-scale supply chains).

Overview of Proposed changes

Management System Requirements (aligned with ISO)



Add consistency



Version 1 structure:

- 1.1 Sourcing Policy and Commitment to IRMA
- 1.2 Designation of Responsibility
- 1.3 Documented Processes and Procedures
- 1.4 Record Keeping and Document Control Systems
- 1.5 Training
- 1.6 Internal Evaluation System

Version 2 structure:

- 1.1 General Requirements
- 1.2 Competence
- 1.3 Internal Assessment Program
- 1.4 Complaints Procedure
- 1.5 Outsourcing
- 1.6 Communication

Overview of Proposed changes

Management System Requirements (aligned with ISO)



Add consistency



Key consultation questions:

- 1) Do you see any reason not to utilize ISO 22095 as the initial basis for the requirements of the IRMA CoC Standard? This version includes some IRMA and mined materials-specific customization of ISO 22095; additional recommendations in this regard are welcome.
- 2) Do you support eliminating the requirement for a Sourcing Policy and Commitment to IRMA? Why or why not?

Overview of Proposed changes

2

Add consistency



Documentation and Assurance Requirements

Version 1 included Sections 1.3 Documented Processes and Procedures and 1.4 Record Keeping and Document Control Systems which are now addressed in this section.

Version 1 also included Section 2 Sourcing and Receiving Eligible Inputs which are also addressed in this revised Section 2.

Overview of Proposed changes

2

Add consistency



Documentation and Assurance Requirements

Key consultation question:

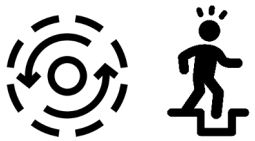
This Chain of Custody Standard aims to be compatible with blockchain and other technologies. Do you find the requirements in this section to be blockchain compatible?

Overview of Proposed changes

Material Accounting

3

Add consistency
+ Fill Gaps



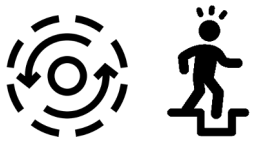
Proposed adding the Controlled Blending and Book and Claim material accounting methodologies and adding both the rolling average percentage implementation method and credit method for the Mass Balance model.

Overview of Proposed changes

3

Add consistency

+ Fill Gaps



Material Accounting

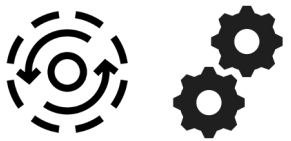
Key consultation question:

Book and Claim will require IRMA to establish a registry to ensure that claims are not oversold. Should IRMA create a registry to log claims?

Overview of Proposed changes



Add consistency
+ Remain up-to-date



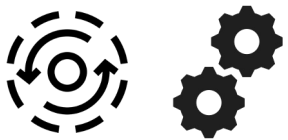
Sales and Shipping

Significant changes have been made to this section based on review of other CoC schemes, most notably RSB-PRO-20-001 – Version 3.2. – RSB Chain of Custody Procedure. This has led to a distinction between the information required for Entities at various stages in the supply chain. Additionally, it has led to the recognition that there needs to be an IRMA Claims Registry.

Overview of Proposed changes



Add consistency
+ Remain up-to-date



Sales and Shipping:

a) Mining Including On-Site Mineral Processing

- IRMA achievement level and chain of custody model employed;
- List of all recipients of IRMA achieving material (e.g., downstream mineral processing, collection points, storage facilities, warehouse, traders), including their address and contracts;
- Additional input material used by the Entity but provided by third parties;
- Production records (quarterly);
- Sales orders, sales invoices, dispatch information—including dates; customers to which the batch or lot was dispatched; delivery records;
- Stock records, including inventory balancing, for storage sites;
- Transporter or shipper details.

Overview of Proposed changes

Sales and Shipping:

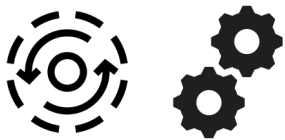
b) Downstream off-mine site mineral Processing and manufacturing

- List of all suppliers of IRMA-achieving material, and copy of their valid IRMA certificates;
- Purchase documents including, e.g., purchase orders, contracts, invoices and goods receipts inspections, delivery notes and received quantities;
- Processing information including the conversion factors and specification of quantities of materials and products, stored and finished;
- Production records;
- Sales orders, sales invoices, dispatch information, including dates, customers to which the batch or lot was dispatched, delivery records;
- Stock records including inventory balancing;
- Transporter or shipper details;
- Records of mass balance calculation (if relevant);
- List of sites, status (in production/not in production);
- Chain of custody model employed;
- List of all recipients of IRMA-achieving material (e.g. collection points, storage facilities, warehouse, traders), including their address and contracts;
- Additional sites used by the Entity but owned by third parties.



Add consistency

+ Remain up-to-date



Overview of Proposed changes

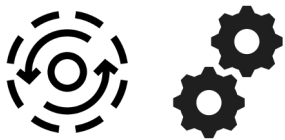
Sales and Shipping:

c) Storage Facilities, Warehouses and Traders

- List of all suppliers of IRMA-achieving material, and copy of their valid IRMA certificates
- Purchase documents including, e.g., purchase orders, contracts, invoices and goods receipts inspections, delivery notes and received quantities;
- Sales orders, sales invoices, dispatch information, including dates, customers to which the batch or lot was dispatched, delivery records;
- Stock records including inventory balancing;
- Transporter or shipper details;
- List of all collection points, including name and address;
- Record of mass balance calculation (if relevant);
- If the Entity is not the legal owner of the storage site, a written contract between the Entity and the legal owner of the site will be required to forward products with an IRMA achievement claim included with the product information.



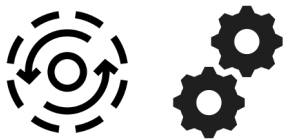
Add consistency
+ Remain up-to-date



Overview of Proposed changes



Add consistency
+ Remain up-to-date



Sales and Shipping

Key consultation questions:

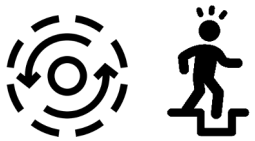
The list of records in required in 4.1.2. was adapted from the RSB Chain of Custody Procedure which had three similar categories and was revised for a) **mining and on-site mineral processing**; b) **mineral processing and manufacturing**; and c) **storage facilities, warehouse and traders**.

- 1) Do you agree with the three proposed categories (e.g., a), b), c) as described? If no, how would you revise the categories?
- 2) Do you have any suggestions for additional records that should be retained?

Overview of Proposed changes

5

Add consistency
+ Fill Gaps



IRMA Claims

This section has been significantly changed from Version 1 based on further consideration of the five different Chain of Custody models and the specific types of claims that can be made for IRMA-achieving materials.

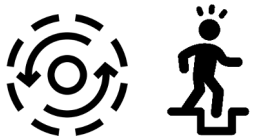
Version 1 addressed only claims for segregated versus mixed materials and primarily addressed recognition of different IRMA achievement levels. This revised version addresses each individual CoC model with particular emphasis on the type of claims that are allowed specific to each model.

Overview of Proposed changes

5

Add consistency

+ Fill Gaps



IRMA Claims

Key consultation questions:

1) In developing the claims contained in this section IRMA recognizes that particular circumstances and related claims are numerous, and valid claims should not be limited to a small set identified in this document. In this section IRMA aims to set out requirements that ensure claims are truthful and are verified by IRMA.

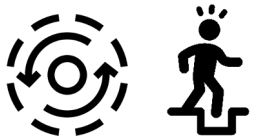
IRMA is presently asking all Entities to allow for internal review of all claims by IRMA and flagging invalid claims as they occur. Do you believe this process should continue?

Overview of Proposed changes

5

Add consistency

+ Fill Gaps



IRMA Claims

Key consultation questions:

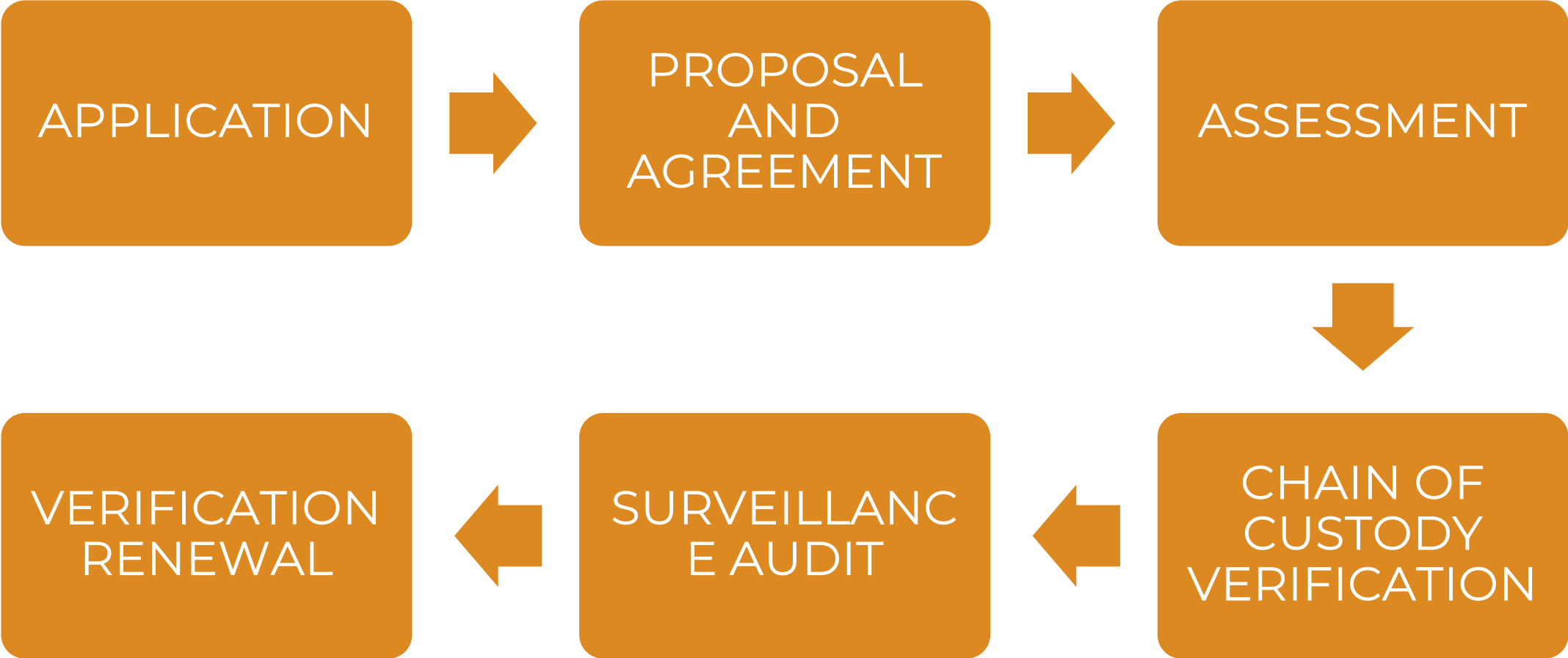
2) This draft version requires that all Book and Claim model claims must be accompanied by the statement “*No actual physical flow of materials can be verified.*” While the proposed wording is factually correct, it comes across as negative, and it has been suggested that more nuanced wording could be used, reflecting the contribution the producer is making to responsible sourcing.

Do you support this requirement that Book and Claim model claims include this language Why or why not? If not, what would you propose for alternative language?

5. IRMA Chain of Custody Verification Process

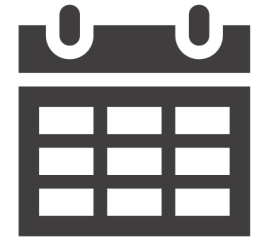
IRMA CoC

Proposed verification process



Public Consultation period is open

From Oct 26 – Jan 26: **90 days**



End date:
January 26, 2024

Contribution channels

- Via email
comments@responsiblemining.net
- Via WhatsApp
To comment via text or voice, use the IRMA WhatsApp number: +1.301.202.1445
- Via postal mail to:
IRMA Std Comments
113 Cherry St, #74985; Seattle, Washington, 98104; USA