Public Summary on the Chain of Custody Standard Consultation and Changes

October 2024

Context

This document provides an overview of the development of the IRMA Chain of Custody Standard for Responsibly Mined Materials (the IRMA CoC Standard).
It provides the following:

1. A summary of the consultation on the IRMA CoC Standard
2. An overview of key changes from the previous version
3. Links to additional information
4. An annex with more detailed summaries of the changes, including an explanation of how each material issue was considered.

Acknowledgments

IRMA would like to thank all those who provided comments and recommendations to the various draft versions of this document. We would like to expand our gratitude to all the members and partners of IRMA, including Indigenous rights' organizations, mining-affected community organizations and associations, national and international NGOs, labor organizations and unions, mining companies, downstream purchasers, finance organizations and banks, standard-setting organizations, industry associations, consultants and practitioners, and others. The full list of IRMA members and partners is available on our website.

About the IRMA CoC Standard

The IRMA CoC Standard sets out specific requirements for tracking material from verified IRMA-audited mines and mineral processors to market, enabling Entities operating within the supply chain and end users to make credible claims about IRMA-audited material.

The IRMA CoC Standard aims to:

- Increase transparency in mineral value chains.
- Provide Entities in the supply chain with a common set of requirements for sourcing, tracking, accounting, handling and selling IRMA-audited materials.
- Establish requirements that can be independently audited to provide objective evidence for the flow of IRMA-audited materials through the supply chain.
- Allow for IRMA CoC-compliant Entities to make claims regarding the use and sale of IRMA-audited materials.
- Allow intermediaries and end-buyers to have better visibility on the social and environmental footprint of the mineral raw materials present in the products they purchase.

The scope of the IRMA CoC Standard is any Entity operating at any step in the supply chain, globally, without jurisdictional limit. An assessment against the IRMA CoC Standard is available to Entities producing, processing, buying, or using IRMA-audited materials along mineral value chains.

Approach to developing the IRMA CoC Standard

The IRMA CoC Standard was developed to provide the base-level requirements for tracking of verified IRMA-audited materials, from the mine through the supply chain to the end consumer. The term "IRMA-audited materials" refers to minerals and metals produced and sold by mine sites that have completed an independent third-party audit against the IRMA Standard for Responsible Mining.

The IRMA CoC Standard was also designed with the purpose to ensure that the IRMA-achievement levels and quantities of IRMA-audited materials that are claimed for a particular material or product (or for the market as a whole) are indeed the ones that are delivered or credited in the output.

1. Summary of the consultation

IRMA held a 90-day public consultation on the Draft 2.0 of the IRMA Chain of Custody Standard, which ran from October 26, 2023, to January 26, 2024. The consultation aimed to received feedback from a wide range of members and partners of IRMA, and the diverse stakeholder sectors that IRMA serves and that would be affected by the changes to the IRMA CoC Standard requirements. IRMA worked to ensure that all comments could be received in a wide range of languages and channels for communications, and we informed stakeholders that all comments would be considered carefully, objectively and equally. We also provided a set of consultation questions on material issues identified from the previous draft.

The Draft 2.0 IRMA Chain of Custody Standard released for this consultation was informed by pilot testing and comments received on the previous, initial Draft 1.0 IRMA Chain of Custody Standard (2020). It was also informed by a review of other standards, emerging issues garnering international discussions, increased public awareness and evolving expectations of best practices, and ongoing input from stakeholders on content areas. The 2023 consultation draft also responded to comments on the 2020 draft version by including, for consultation, the addition of two Chain of Custody models: *controlled blending* and *book-and-claim credits*, to align with the practical realities of complex minerals supply chains. The revised draft also included expanded normative guidance, including examples of supply chains for multiple materials that have or are currently undergoing independent third-party IRMA audits.

Feedback was received in multiple languages and through a wide range of feedback tools and mechanisms including live and recorded webinars, phone calls, emails, WhatsApp texts, face-to-face meetings, and more.

For the Draft 2.0 IRMA CoC Standard public consultation which lasted 90 days, we received 79 comments from 9 different organizations. Feedback came primarily from the private sector, including from purchasing companies and mining companies, with some additional comments from consulting firms, academic experts and assurance expertise organizations. The subject matter and the complexity of mineral chains of custody make them a rather 'niche' topic, and it was encouraging to see some level of geographic and sector diversity in the responses received.

We held live webinars in November 2023 (focus on introducing the revised draft) and January 2024 (focused on a live feedback session) with simultaneous translation in the introductory webinar to Spanish, French, Portuguese, Russian and Indonesian.

The consultation followed the IRMA Standards Development Procedure and also the IRMA Terms of Reference for the CoC Standard. The Terms of Reference outlines the objectives, scope, and desired outcomes of the IRMA CoC Standard.

Webinar recordings for the November 2023 and the January 2024 virtual events, as well as their respective slide decks (Nov 2023 and Jan 2024) were also shared in our newsletters and in the resource pages of the IRMA website, leading to an additional 150+ views of the recorded versions. The webinars also shared

comprehensive information on the proposed CoC models recommended to be allowed within the IRMA system and the rationale for their inclusion).

To view the full comments log for the IRMA CoC Standard, click here for a pdf version, and here for a machine-readable csv version.

We welcome comments and input any time on Standards, as well as requests for clarifications or revisions. These inquiries can be sent to comments@responsiblemining.net

2. Overview of the changes

This section provides an overview of the changes made in the IRMA CoC Standard. It summarizes how various aspects of the Standard have changed from the 2020 first draft version (Draft 1.0). In the Annex you will find additional information on the consultations for each of the material issues (raised in a set of consultation questions) and how each one was considered.

The changes from Draft 1.0 to Draft 2.0 included:

- Inclusion of two new chain of custody models that would be allowed in the IRMA system: controlled blending and book-and-claim credits.

- Changes in Sections 2. Document and Assurance and 3. Material Accounting, to ensure consistency with ISO 22095.

- Significant changes been made to Section 4. Sales and Shipping, 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.

- Development of mineral-specific Normative Industry Guidance.

The changes from Draft 2.0 to the approved IRMA CoC Standard V1.0 include:

- Validation of the inclusion of the controlled blending and book-and-claim credits models.

- Improved language consistency throughout the Standard.

- Removed section on Claims to create a stand-alone IRMA CoC Claims Procedure and Communications Policy.

- Clarified the "certification" nature of this Standard (unlike the IRMA Standard for Responsible Mining that has a continuous improvement approach, this CoC Standard takes a compliance approach) and therefore the use of the auxiliary verb "shall."

- Restructured the sequence of chapters and sub-chapters for greater clarity.

- Used letters instead of numbers for the Conformance Requirements section, to facilitate reference and use.

- Restructured requirements to ensure no use of sub-sub-requirement levels (i.e., no further than sub-requirement level).

- Split requirements when the use of credits (mass balance credit method, or book and claim model) requires specific terminology and language.

- Proposed to add one public-disclosure requirement regarding grievances, to align with base level of UNGP and GRI (making clear that this is limited to CoC-related grievances).

- Proposed to move the commodity-specific guidance to the Claims Procedure and Communications Policy (as most guidance refers to claims management) and to add four additional commodities to the guidance (copper, cobalt, titanium, zircon).

3. Links to additional information

Comments Log
To view the full comments log for the IRMA CoC Standard, click <u>here</u> for a pdf version, and <u>here </u>for a machine-readable csv version.

Final approved versions of:
- <u>IRMA Chain of Custody Standard V1.0</u>
- <u>IRMA Chain of Custody Assurance Manual V1.0</u>
- <u>IRMA Chain of Custody Claims Procedure and Communications Policy V1.0</u>

4. Annex: Summaries of comments on consultation questions and explanations of how each of these material issues were considered

Qu. #	Question	Feedback and Decision
INTRODUCTION		
0-1	Background: IRMA seeks to raise the bar of mineral-development-related practices globally, rather than just codify existing legal practices. Therefore, while this chapter establishes host country law as the base-level expectation, it also requires that IRMA requirements, which tend to surpass most national laws, also be met. A suggestion has been made that this chapter could also be expanded to require entities to track and maintain compliance with other obligations such as organizational and industry standards, codes of practice, public voluntary commitments, and agreements signed with community groups or non-governmental organizations that are relevant to the topics of the IRMA standard. Question: Do you support expanding the scope of this chapter as per the suggestions above? Why or why not?	Feedback: Comments did not support expanding the scope of this chapter as suggested and noted that audit of these aspects for each entity in the CoC would be onerous and may not be feasible in most cases. They suggested if it is possible to track and document compliance with voluntary initiatives it might be useful. They also expressed concerns that IRMA might be perceived as endorsing any of the other obligations. Decision: IRMA is not proposing to expand this chapter in the CoC Standard but will keep the original suggestion under advisement for consideration in future revisions to the CoC Standard.
0-2	Question: Do you support the inclusion of the Book and Claim model in the IRMA Chain of Custody Standard? Why or why not?	Feedback: Comments supported inclusion of the Book and Claim model in the CoC Standard noting that this model is most suitable for some supply chains, particularly where extensive blending, trading and fabrication steps take place. Comments also noted that if this model is used the tracking of claims should be monitored closely. Decision: IRMA is proposing to keep the Book and Claim model in the IRMA Chain of Custody Standard. IRMA is also developing a confidential and secure registry that will interface with block chain methods for traceability and include means to ensure transparency for all claims made regarding IRMA certified materials.

Qu. #	Question	Feedback and Decision
IRMA CoC Standard Conformance Requirements **A. MANAGEMENT SYSTEMS**		
1-1	Background: There is no requirement for a policy commitment to conform with the IRMA Standard. In many cases all an Entity's production may not conform with the IRMA CoC Standard. Question: Do you support eliminating the Sourcing Policy and Commitment to IRMA? Why or why not?	Feedback: Comments were evenly divided with those for eliminating suggesting the implementation of the CoC Standard demonstrates a commitment to IRMA without need for a separate policy and those for suggesting a policy ensures a level of commitment and responsibility. Decision: The implementation of the IRMA CoC Standard would demonstrate that any claims made for IRMA materials follow the CoC Standard, therefore IRMA is proposing to eliminate the Sourcing Policy and Commitment to IRMA in the final CoC Standard V2.0.
1-2	Background: This revised version of the Draft IRMA CoC Standard has been restructured and reworded to be consistent with ISO 22095. ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member of the body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO 22095 is a first edition (2020) and includes recommendations for chain of custody including general terminology and models. Question: 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.	Feedback: Comments supported utilization of ISO 22095 as the initial basis for the requirements of the IRMA CoC Standard noting present alignment within their own processes. Decision: No further changes were made because of the comments.
1-3	Question: Do you support the overall proposed changes to this section? If no, what if any changes would you recommend instead?	Feedback: Comments supported the overall proposed changes to this section. Decision: No further changes were made because of the comments.

Qu. #	Question	Feedback and Decision
1-4	Background: We reference AMIRA P754 Code and Guidelines: Release 3 or a recognized equivalent. Question: Can you identify other metal accounting systems consistent with AMIRA?	Feedback: Comments supported the use of AMIRA and did not identify other metal accounting systems consistent with AMIRA. Decision: No further changes were made because of the comments.
2. DOCUMENTATION AND ASSURANCE		
2-1	Background: This Chain of Custody Standard aims to be compatible with blockchain and other technologies. Question: Do you find the requirements in this section to be blockchain compatible?	Feedback: Comments suggested the CoC Standard V2.0 is compatible with blockchain and other technologies. It was also suggested that IRMA use a taxonomy of facility numerical IDs to harmonize with other standards. Comments also emphasized the need for IRMA to maintain a registry to monitor claims. Decision: IRMA is currently engaging in a pilot assessment of blockchain for CoC purposes with selected IRMA members. As part of the pilot assessment IRMA will be co-developing a claims registry including taxonomy of facility numerical IDs to harmonize with other standards.
2-2	Proposed additions and changes: 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. Question: Do you find the requirements to be reasonable? Do you suggest any changes?	Feedback: Comments suggested the requirements in this section to be reasonable. Additional feedback pointed out the confusion of combining first-party audits (internal review), second-party audits, and third-party IRMA CoC verification audits. Decision: The requirement for annual second-party audits has been converted into an annual third-party IRMA CoC surveillance audit, which was already required in the assurance process.

Qu. #	Question	Feedback and Decision
2-3	Proposed additions and changes: 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. Question: Do you support the overall proposed changes to this section? If no, what if any changes would you recommend instead?	Feedback: Comments suggested the requirements in this section to be reasonable. Additional feedback pointed out the confusion of combining first-party audits (internal review), second-party audits, and third-party IRMA CoC verification audits. Decision: The requirement for annual second-party audits has been converted into an annual third-party IRMA CoC surveillance audit, which was already required in the assurance process.
2-4	Background: The purpose of this requirement is to allow a downstream Entity to inspect an upstream Entity to verify their IRMA claims at any time. Concerns have been raised that this requirement could result in onerous accommodation of customer visits and that it creates mandates and obligations which are both impractical and burdensome and pose various legal conflicts, particularly regarding protection of intellectual property. Additionally, any site visits would be required to conform with certain conditions including fulfilling all safety requirements. A potential benefit of participation in the IRMA Chain of Custody Standard is for customers to rely on the IRMA independent audit process including site visits and reports. Conversely, numerous customer visits can require significant resources in terms of personnel time and accommodation. Question: Do you support this requirement? Why or why not? Do you think this could be addressed by defining "relevant" Entities? If so, how would you define a relevant Entity?	Feedback: Comments were not in support of this requirement suggesting it was impractical given the number of potentially relevant entities which might request the information and/or site visits. Comments suggested engaging with producers and purchasers to establish a definition of relevant entity that would limit the number of entities to be considered to address concerns with the requirement. Decision: Requirement adjusted to first require definition of the scope of entities and organizations to be allowed, then second require allowance.

Qu. #	Question	Feedback and Decision
C. MATERIAL ACCOUNTING		
3-1	Background: Book and Claim will require IRMA to establish a registry to ensure that claims are not oversold Question: Should IRMA create a registry to log claims?	Feedback: Comments supported the creation of an IRMA claims registry and suggested a pilot be developed and rolled out. Decision: IRMA is currently engaging in a pilot assessment of blockchain for CoC purposes with selected IRMA members. As part of the pilot assessment IRMA will be co-developing a claims registry including taxonomy of facility numerical IDs to harmonize with other standards.
3-2	Question: Do you support the overall proposed changes to this section? If no, what would you recommend instead?	Feedback: Comments supported the proposed changes to this section. Decision: No further changes were made because of the comments.
D. SALES AND SHIPPING		
4-1	Background: The list of records 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. Question: Do you agree with the three proposed categories (e.g., a), b), c) as described? If no, how would you revise the categories?	Feedback: Comments agreed with the three proposed categories as described but suggested piloting. Decision: No further changes were made because of the comments. IRMA will further consider the proposed categories as part of other piloting efforts described previously in response to comments.
4-2	Background: The list of records required in 4.1.2. a), b), and c) was also adapted from the RSB Chain of Custody Procedure, revised with respect to mined materials and IRMA. Question: Do you have any suggestions for additional records that should be retained?	Feedback: Comments did not provide suggestions for additional records that should be retained but raised issues with respect to confidentiality. Decision: No further changes were made because of the comments. IRMA will further consider the retention of records and confidentiality as part of other piloting efforts described previously in response to comments.

Qu. #	Question	Feedback and Decision
4-3	Background: To verify that IRMA claims are valid, and that double-counting does not occur, an IRMA Claims Registry is being proposed as described in Section 4.2. This requirement is particularly important where Book and Claim transactions take place as they must be tracked and validated through the use of an independent registry. Given the expectations of the IRMA Standard this same approach is being applied for all claims. Question: Do you support this requirement? If no, what are your concerns? Please also provide any suggestions you have as to how to address those concerns while still requiring a registry.	Feedback: Comments agreed with the development of an IRMA Claims Registry and noted it is crucial to prevent double counting, particularly with respect to the book and claim model. More information was also requested with respect to how the claims registry would interact with blockchain and other traceability systems. Decision: No further changes were made because of the comments. IRMA is currently engaging in a pilot assessment of blockchain for CoC purposes with selected IRMA members. As part of the pilot assessment IRMA will be co-developing a claims registry including taxonomy of facility numerical IDs to harmonize with other standards.
4-4	Background: This Chain of Custody Standard aims to be compatible with blockchain and other technologies. Question: Do you find the requirements in this section to be blockchain compatible?	Feedback: Comments suggested the CoC Standard V2.0 is compatible with blockchain and other technologies. It was also suggested that IRMA use a taxonomy of facility numerical IDs to harmonize with other standards. Comments also emphasized the need for IRMA to maintain a registry to monitor claims. Decision: IRMA is currently engaging in a pilot assessment of blockchain for CoC purposes with selected IRMA members. As part of the pilot assessment IRMA will be co-developing a claims registry including taxonomy of facility numerical IDs to harmonize with other standards.
4-5	Question: Do you find the requirements to be reasonable? Do you suggest any changes?	Feedback: Comments suggested the requirements are reasonable. Concerns were raised as to the time and resources necessary for IRMA to maintain a registry to monitor claims. Decision: IRMA is currently engaging in a pilot assessment of blockchain for CoC purposes with selected IRMA members. As part of the pilot assessment IRMA will be co-developing a claims registry including taxonomy of facility numerical IDs to harmonize with other standards. This will afford an opportunity to address IRMA resources and consider options in that regard such as digital solutions.

Qu. #	Question	Feedback and Decision
5. IRMA CLAIMS (now moved to stand-alone Claims Procedure and Communications Policy)		
5-1	Background: 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. Question: 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?	Feedback: Comments suggested the process continue but only as an interim solution. Decision: No further changes were made because of the comments. IRMA will continue asking all Entities to allow for internal review of all claims by IRMA and flagging invalid claims as they occur. This process in the interim will be performed as claims are submitted to the IRMA registry and reconsidered as the claims process and registry is further developed.
5-2	<u>NOTES ON THIS SECTION</u>: 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. It includes Figures that are based on similar Figures in Appendix 2 for similar CoC models that are intended to illustrate the different claims. Question: Do you support the overall proposed changes to this section? If no, what changes do you recommend instead?	Feedback: Comments noted that claims that refer to both the IRMA achievement level (i.e., IRMA 75) as well as a percentage of IRMA-achieving material are quite confusing and cumbersome. An option that has less specificity as to an achievement level or percentage of material, but still meets the accuracy threshold and spirit of what IRMA is trying to accomplish, to ensure that the claims are feasible and realistic for use, was recommended. Decision: In response to this and other similar comments, IRMA has developed its CoC Claims Procedure and Communications Policy. IRMA will continue to collaborate with producers and end users to both perfect the present approach and consider options regarding IRMA CoC certification and claims. Examples of generic claims now possible and included in the IRMA CoC Claims Procedure and Communications Policy: 1) For book and claim credits: => This product supports the production of [MATERIAL] from mines audited against IRMA, the world's most comprehensive and rigorous standard* The asterisk in the above indicates it must be accompanied either by the below language, or a link or QR code pointing to the same language.

Qu. #	Question	Feedback and Decision
		* Material originating from mines independently audited against the IRMA Standard. There is no physical flow of materials that can be verified. Total IRMA-audited credits from mine site sources cannot exceed the credits sold to downstream customers. The IRMA Standard applies only to mine sites and does not guarantee the downstream conditions under which the material was processed, traded, transported, or manufactured. 2) For controlled-blending model (where physical flows are preserved) => This product contains [MATERIAL] from mines audited against IRMA, the world's most comprehensive and rigorous standard* The asterisk in the above indicates it must be accompanied either by the below language, or a link or QR code pointing to the same language. * Originating from mines independently audited against the IRMA Standard. This chain of custody guarantees a specific percentage of IRMA-audited material sourced from mine sites with the same IRMA achievement levels. This assured claim applies only to mine sites and does not guarantee the downstream conditions under which the material was processed, traded, transported, or manufactured.
5-3	Background: As indicated by the required text, 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. Question: Do you support this requirement that Book and Claim model claims include the language "no actual physical flow of materials can be verified?" Why or why not? If not, what would you propose for alternative language?	Feedback: Comments were mixed. One commenter supported the disclaimer language. One commenter suggested a more nuanced approach should be allowed but did not propose alternative language. Decision: The requirement that Book and Claim model claims must be accompanied by the statement "The physical flow of materials is not verified" is commonly accepted and is considered necessary as regards transparency and social license. No further changes were made because of the comments. This is addressed in the Claims Procedure and Communications Policy. IRMA will continue to collaborate with producers and end users both perfect the present approach and to consider options to its

Qu. #	Question	Feedback and Decision
		present approach regarding IRMA certification and claims.
Appendix 1. Normative Industry Guidance		
A1-1	NOTES ON THIS SECTION: This section is new and aims to enhance supply chain transparency and identify rules, guidelines, or characteristics for IRMA's CoC Standard specific to individual mined and processed materials. Question: Do you have specific information to provide regarding one or more of the supply chains below? We welcome your input.	Feedback: Comments suggested the addition of copper to the normative guidance. Decision: Copper, Cobalt, Zircon, and Titanium will be added to the IRMA CoC Standard Claims Procedure and Communications Policy. Additional materials will be added as materials not included in the Claims Procedure and Communications Policy are produced by existing or new IRMA members.
A1-2	NOTES ON THIS SECTION: This section is new and aims to enhance supply chain transparency and identify rules, guidelines, or characteristics for IRMA's CoC Standard specific to individual mined and processed materials. Question: Do you think this normative guidance should be attached?	Feedback: Comments supported the inclusion of such normative guidance. One respondent flagged the importance to each entity's own flow of material. Decision: Keep and expand mineral-specific normative guidance.

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