

FAIRMINED STANDARD 3.0

Terms of Reference

Alliance for Responsible Mining (ARM)

For any comments or questions, please contact
standards@responsiblemines.org

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INTRODUCTION

Between 2006 and 2008, the Alliance for Responsible Mining (ARM) led a multi-stakeholder process **to develop a collective vision and principles for responsible artisanal and small-scale mining (ASM)**. This process set a robust basis on which the Standard Zero was developed and positioned it as the world's pioneering standard for responsibly mined gold, silver and platinum into the ASM sector.

In 2009, based on the Standard Zero, the **first version of the Fairmined Standard** was developed in partnership with Fairtrade. This led to the validation of the **Fairmined & Fairtrade Gold Standard**, which allowed ARM to continue advancing the concept of ethical gold as a fair product, extracted, processed and traded with strong legal, social, environmental and business requirements. By 2013, both organizations were seeking different objectives with the standard. As a result, ARM and Fairtrade decided to not continue the joint development of the voluntary certification scheme for gold and the initiatives discontinued their partnership.

In April 2014, after a comprehensive, inclusive and almost 2-year-long revision process following ISEAL recommendations with open forums involving a broad range of stakeholders, including the whole supply chain, the **Fairmined Standard version 1.0 and later the version 2.0 were released**.

The **Fairmined Standard for Gold and Associated Precious Metals** was developed to support the sustainable development of ASM communities consistent with ARM's vision of a "legitimate, responsible and profitable ASM sector, which promotes inclusive and sustainable development".

The Fairmined Standard has been received by the miners, the gold industry, governments and civil society as a **robust and credible** standard. The Fairmined Standard is world-leading in its ability to deliver positive impact to miners and their communities and is a valued tool to transform ASM into an active force for good.

The Standard includes requirements to achieve the highest responsible ASM practices: formal and legal mining operations, environmental protection, fair labor, social and trading conditions, traceability of Fairmined minerals from the extraction point to the end consumer, and socio-economic development through the Fairmined Premium. It also includes market models and requirements for Fairmined Suppliers and Licensees.

The Fairmined Standard enables the connection of artisanal and small-scale producers with markets (fair jewelry, coins and medals industry and financial sector), providing **unique development opportunities, generating impact in remote, rural mining communities and creating a human connection between miners, the market and consumers.**

The most important **milestones** that have been reached in the last four years include:

- **21 mining organizations in 4 countries obtained Fairmined Certification** for at least one year, with more than 3320 direct beneficiaries;
- **more than USD\$ 3.8 million in Fairmined Premium** have been paid to certified mining organizations by the market;
- **more than 240 brands and providers from 24 countries** have worked with Fairmined Gold; and
- **more than 1 ton of Fairmined Gold have been sold.**

ARM is committed to continue supporting the ASM sector and helping to establish fair conditions and responsibly mined gold into supply chains through the Fairmined Standard. The global market has a **growing need for responsible ASM gold supply chains and mining organizations require a continuous accompaniment for improving** their operations, reducing their environmental impact and social challenges, and transforming their activities into a driver for sustainable employment and development in their communities.

The **Fairmined Standard revision** is in compliance with ISEAL's recommendation to review Standards at least every five years for continued relevance and for effectiveness in meeting its stated objective.

1. FAIRMINED STANDARD SCOPE

The Fairmined Standard, version 3.0, will **maintain the objective of creating opportunities for artisanal and small-scale gold and associated precious metals miners and their communities.**

The focus is on the commitment of the continuous improvement and formalization of ASM organizations.

2. FAIRMINED STANDARD OBJECTIVE

The objective of the Fairmined Standard version 2.0 was *“to promote the progressive organization and formalization of the ASM sector, bringing with it improved labor rights, safer working conditions for miners, and strengthened miners’ organizations with the capacity to campaign for legislation and public policies that promote their rights and enable a responsible ASM sector. The STANDARD builds on ASMO (Artisanal and Small-scale Mining Organizations) compliance with a relevant country’s legislation”*.

The Fairmined Standard 3.0 builds upon this objective and further aims to stimulate the **ASMO to become economically, technologically, environmentally and socially efficient businesses**, according to their dimensions and particularities. The Standard promotes the wellbeing of families in mining communities, **fosters better social security, gender equality, child protection and the elimination of child labor in certified organizations**. Through fairer market access and a Premium for social investment, it benefits local communities in mineral-rich ecosystems, and improves governance in the mining sector.

While maintaining the robustness and comprehensiveness of the Standard, the Alliance for Responsible Mining (ARM) expects that the revision process will result in a **simplified and enhanced impact-driven Standard**, in accordance with miners’ understandings of their business and working experiences, taking into account the different mining extraction methods, cultural and social

contexts. It will also meet the Fairmined Suppliers and Licensee's expectations to guarantee a fairer supply chain.

3. STAKEHOLDERS IDENTIFICATION

Primary stakeholders of the Fairmined Standard are those **actors of the supply chain that are directly involved with its application**: certified ASMO, Fairmined Authorized Suppliers and Fairmined Licensees.

Secondary stakeholder groups, such as the following, may have a legitimate interest in the Standard as well:

- Not-certified artisanal and small-scale miners and their organizations
- ASM communities and communities in the vicinity of ASM
- Local, national and international traders and refiners
- Downstream buyers and potential users of Fairmined Gold
- Local and national governments
- Responsible sourcing initiatives
- Prospective donors
- Thematic experts
- Academia
- End consumers

4. OBJECTIVE(S)

Artisanal and small-scale gold mining (ASGM) constitutes a livelihood for a growing number of artisanal small-scale miners, estimated at **20 million people** (www.artisanalmining.org, 2019).

ASM is primarily a poverty-driven activity and offers a unique opportunity for millions of disadvantaged families to escape poverty. Some mining organizations see ASM as the best **way to strengthen their communities**, and are looking to lead the way in responsible mining practices. With the right support and incentives, community-based mining organizations offer the **greatest opportunity for positive social and environmental impact**.

The Fairmined Standard is already a **reference for promoting, supporting and guiding ASM towards adopting best practices.**

In a rapidly changing global context, the Fairmined Standard needs to be adapted to reflect miners' evolving needs and constraints in order to be able to keep improving their practices and minerals production. It is **important to consider different contexts and priorities where ASM is present while, at the same time, ensuring its alignment with high-level sustainability norms and emerging challenges** of the international agenda. The new version of the Standard is expected to become a formalization management tool for ASMO, ensuring highly reliable and responsible sourcing for the market, highly adapted to the global variety of contexts where gold is extracted and processed. It is intended to further consolidate the end consumers trust in the Standard as well as in the Fairmined gold supply chain.

The Fairmined Standard version 3.0 may also include adjustments that facilitate a faster incorporation of best practices in the sector and render the standard easier to apply and use.

4.1 Sustainability issues covered by the Fairmined Standard

The Fairmined Standard will continue to meet national and international laws, conventions and universally recognized best practices relevant to the ASM sector such as:

- Conventions of the International Labor Organization (ILO),
- International conventions on environmental sustainability, such as the Minamata Convention,
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and related frameworks for ASM, such as the CRAFT Code,
- The Universal Declaration of Human Rights,
- The guiding principles on Business and Human Rights,
- UN Declarations regarding the cultural, social and economic rights of individuals including the rights of women, disadvantaged groups and individuals, including migrant workers,
- National legal frameworks in gold-producing countries,

- Others as found applicable.

The Fairmined Standard ensures that ASMO are committed to improving their practices by complying with the following requirements:

- **Organizational development:**
 - Legal and formal mining operations
 - No voluntary involvement in violent or conflict situations
 - Entrepreneurial vision and leadership
 - Strengthened and empowered organizations
 - Inclusive participation and decision-making processes
 - Good community relations
- **Environmental protection:** Minimized environmental impacts through:
 - Reduction, and where possible elimination of the use of mercury, based on the application of the Annex C of the Minamata Convention
 - Strict limitation of dredging techniques for water biodiversity protection
 - Safe handling of chemicals and toxic substances such as explosives, cyanide, mercury and acids
 - Protection of water bodies from mine tailings and wastes, mitigation of acid mine drainage
 - Protection of biodiversity and exclusion of ASM in nationally and internationally defined natural protected areas
 - Closure planning, land rehabilitation plan and positive environmental legacy
 - In case of Ecological certification
 - Chemical-free extraction, based only on gravimetric methods
 - Implementation of an environmental management plan including a full rehabilitation
- **Social development and labor rights:**
 - A healthy and safe workplace
 - Decent labor conditions
 - Freedom of labor

- Respects ethnic and cultural diversity
 - Access to a decent standard of living
 - Social protection
 - Gender equity
 - Protection of childhood and youth
 - Promotes wellbeing in the community
- **Economic or commercial improvements:**
 - Profitability
 - Fair and stable trade relationships
 - A guaranteed minimum price
 - An additional premium to drive progress and development

4.1 Other standards for the mining sector

ARM continually monitors the emergence of other standards that have or may have an explicit or implicit impact on the ASM sector. The Fairmined Standard revision process envisages to **consider these standards as part of the global operating context of ASM:**

- ASI Performance Standard and ASI Chain of Custody Standard
- Bettercoal Initiative -Bettercoal Code (BC)
- Certified Trading Chains (CTC), national standard of certification in DRC
- Code for Risk Mitigation for ASM engaging in formal trade - CRAFT Code
- Diamond Development Initiative
- Extractive Industries Transparency Initiative (EITI)
- Fairtrade Standard for Gold, Version 1.2, Nov 2013
- Global Reporting Initiative (GRI)
- International Council on Mining and Metals (ICMM)- Sustainable Development Framework (SDF)
- International Cyanide Management Institute (ICMI)- International Cyanide Management Code (Cyanide Code) (ICMC)
- International Finance Corporation (IFC)- Environmental and Social Performance Standards
- IRMA Standard for Responsible Mining
- LBMA Responsible Gold Guidance
- Mining Association of Canada (MAC)- Towards Sustainable Mining (TSM)

- Regional Certification Mechanism for Tin, Tantalum, Tungsten and Gold (ICGLR)
- Responsible Mining Initiative (RMI)
- RJC Code of Practices (COP)
- RJC Chain of Custody (CoC)
- World Gold Council (WGC) - Conflict-Free Gold Standard (CFGS)
- Xertifix Criteria

5. POTENTIAL RISKS, UNEXPECTED CONSEQUENCES & POSSIBLE MITIGATION MEASURES

Possible risks and unintended consequences will be identified and addressed during the Fairmined Standard revision process. Parallel to the Standard development, **ARM will pilot draft versions of the Standard with already certified ASMO and with ASMO working towards the certification.**

It is further envisaged that risks will be minimized and mitigated through an **inclusive and balanced composition of the Standard Committee**, ensuring the active participation of ASM miners, supply chain and market actors, and independent civil society experts.

As recommended by ISEAL, an **initial public call for comments prior to standard drafting, as well as two rounds of public consultation on draft versions** are planned to further reduce the risk of unintended consequences or the missing of important issues.

CONTACT

Comments or suggestions regarding these Terms of Reference may be submitted at any time by email to ARM (standards@responsiblemines.org).

REFERENCES

- [ARM Standards setting Procedures \(version 3.0\)](#)
- [Generic Terms of Reference for ARM Standard Committees \(version 2.0\)](#)
- [ARM Standards Complaints Procedures \(version 2.0\)](#)

Note: This document was prepared using the ISEAL code as a guidance and partly uses the same wording as the code. However, ARM explicitly makes no claims regarding ISEAL compliance of the procedures at the moment of adopting this procedure document but may apply for external evaluation of ISEAL compliance at a later moment.