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Consolidated Mining Standard: Proposed Governance Model

October 2024

This document sets out the details of the proposed governance model for the Legal entity that will advance work related to the Consolidated Mining Standard (CMS) and related activities on responsible metals and mineral value chains. It is drafted for the purposes of soliciting input from interested and affected stakeholders that may wish to contribute their opinions and perspectives to help shape the design of the governance model.

It includes details on the following:

1. What is the vision?
2. What is the mandate of the Legal Entity to deliver this vision?
3. What principles have guided the development of the governance model?
4. What are some of the key features the governance model needs to include?
5. What does the overall governance model look like?
6. What will the composition of the Board look like?
7. How will the Board make decisions?
8. What will the composition of the Mining and Value Chain Committees look like?
9. How does delegated authority work and what would the delegated responsibilities of Mining and Value Chain Committees be?
10. Would other Committees be established?
11. How would the initial Board be established?
12. How would the Board be renewed over time?
13. What is the role of National Panels?
14. What happens next?

Consolidated Mining Standard Initiative



1. What is the vision?

Our vision is for a sustainable society, enabled by the responsible production, sourcing, and recycling of metals and minerals.

The Legal Entity (name to be confirmed) responsible for the Consolidated Mining Standard (CMS) will promote responsible practices across metal value chains.

Responsible practices entail a full life-cycle approach to metals and minerals production that promotes positive contributions to society, addresses its impacts on people and the environment, and supports progress to a circular economy. The work of the four partners to simplify the current upstream mining standards landscape through the consolidation of their existing standards provides the catalyst to enable this vision.

Building on the delivery of the Consolidated Mining Standard - and earlier activities of The Copper Mark across copper, molybdenum, nickel and zinc - over time the aim is to promote continual improvement of environmental, social and governance practices along individual metals' value chains.

2. What is the mandate of the Legal Entity to deliver this vision?

This is informed by the overall objectives of what the four partners have set out to achieve. Beyond the objectives of simplifying the standards landscape and encouraging greater uptake and implementation of credible standards, the Consolidated Mining Standard (CMS) should meet the needs of customers, regulators and others in the value chain. Ultimately, it must help provide confidence to consumers that the metals and minerals in the products they buy have been responsibly produced and used throughout value chains.

This requires a Legal Entity with a Secretariat that has responsibility to:

- Develop, promote and maintain the CMS, and implement the related assurance process, grievance mechanism and claims policy, as well as a platform for public disclosure of associated information (e.g. outcomes of assurance).
- Accredite assurance providers, provide training on assurance and establish quality control mechanisms, to support the independent assurance required by facilities.
- Establish a Value Chain strategy, approach and business model, guided by a need to avoid duplication of efforts.
- Pursue the harmonisation and recognition of standards along supply chains and across sectors.
- Undertake targeted efforts to address gaps to meet market and regulatory demands where standards and assurance frameworks are not currently available or implemented.

The current Copper Mark entity will transition and evolve to become the Legal Entity. This leverages the skills, experience and credibility of The Copper Mark, and is an effective and efficient way to establish and scale up at the pace required – as opposed to setting up a new entity from scratch.

3. What principles have guided the development of the governance model?

We have been guided by a set of **Governance Principles** that were agreed between the four partners and the **Stakeholder Advisory Group (SAG)** and **Industry Advisory Group (IAG)** as follows:

- **Inclusive:** The inclusion of the perspectives of affected stakeholder groups in its decision-making, including those directly engaged/involved with the mining sector.
- **Effective:** The ability to deliver the global implementation and verification of performance against the standard.
- **Credible:** Supports the recognition of the standard by affected stakeholders, customers, policymakers and investors.
- **Impact-driven:** The ability to deliver impact at scale.
- **Efficient:** The ability to ensure a reasonably lean structure to support economic viability and sustain the operation of the standard.
- **Pragmatic:** The opportunity to build on the existing knowledge, people and infrastructure of the founding partners.

Beyond these initially agreed governance principles, the SAG and IAG have emphasised the need for diversity criteria to be considered in appointing members of the Board and any associated committees. This would include but go beyond Diversity, Equity and Inclusion (DEI) criteria, to reflect a diversity of interests (e.g. Indigenous Peoples and labour), different sizes of companies, diverse geographies and commodities, and different parts of the value chain.

On that basis and as a point of principle, the four partners are committed to an independent, **multi-stakeholder** Board. The aim is that the multi-stakeholder Board will be appointed prior to the launch of the CMS, and potentially prior to the second public consultation.

4. What are some of the key features the governance model needs to include?

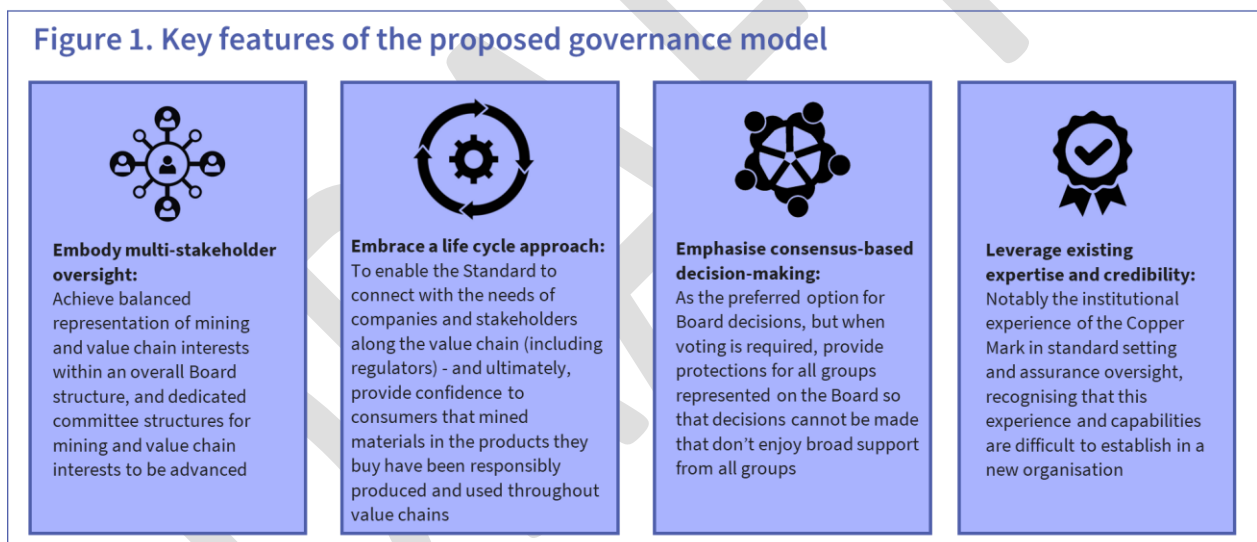
Taking into consideration the objectives of what we are trying to achieve, the vision and the governance guiding principles outlined above, the proposed governance model seeks to (see Figure 1):

- **Embody multi-stakeholder oversight:** Achieve balanced representation of mining and value chain interests, as well as of commercial and non-commercial interests, within an overall Board structure, while establishing dedicated committee structures within which mining and value chain, as well as commercial and non-commercial, interests can be advanced. The inclusion of upstream producers of metals and minerals and their stakeholders recognises the importance for mined materials to be responsibly produced, as the primary inputs that drive all subsequent value chain activities. The inclusion of mid- and downstream value chain companies and their stakeholders recognises the importance of securing buy-in from value chain participants.

- **Embrace a life cycle approach:** To enable the Legal Entity to connect with the needs of companies along the value chain, the interests of stakeholders across the value chain, governments and regulators with an interest in responsible practice, and ultimately, provide confidence to consumers that materials in the products they buy have been responsibly produced and used throughout value chains.
- **Emphasise consensus-based decision-making:** The preferred option for Board and committee decision-making is consensus-based so that the choices they make reflect alignment across multi-stakeholder interests. When voting is required, provide protections for all groups on the Board and committees so that decisions cannot be made that don't enjoy broad support from all groups.
- **Leverage existing expertise and credibility:** Notably the institutional experience of The Copper Mark in standard setting and assurance oversight, recognising that this experience and capabilities are difficult to establish in a new organisation.

The proposed governance model therefore seeks to balance participation across company and stakeholder groups for mining and value chain at the Board - and reflect that same balance within a Mining Committee and a Value Chain Committee.

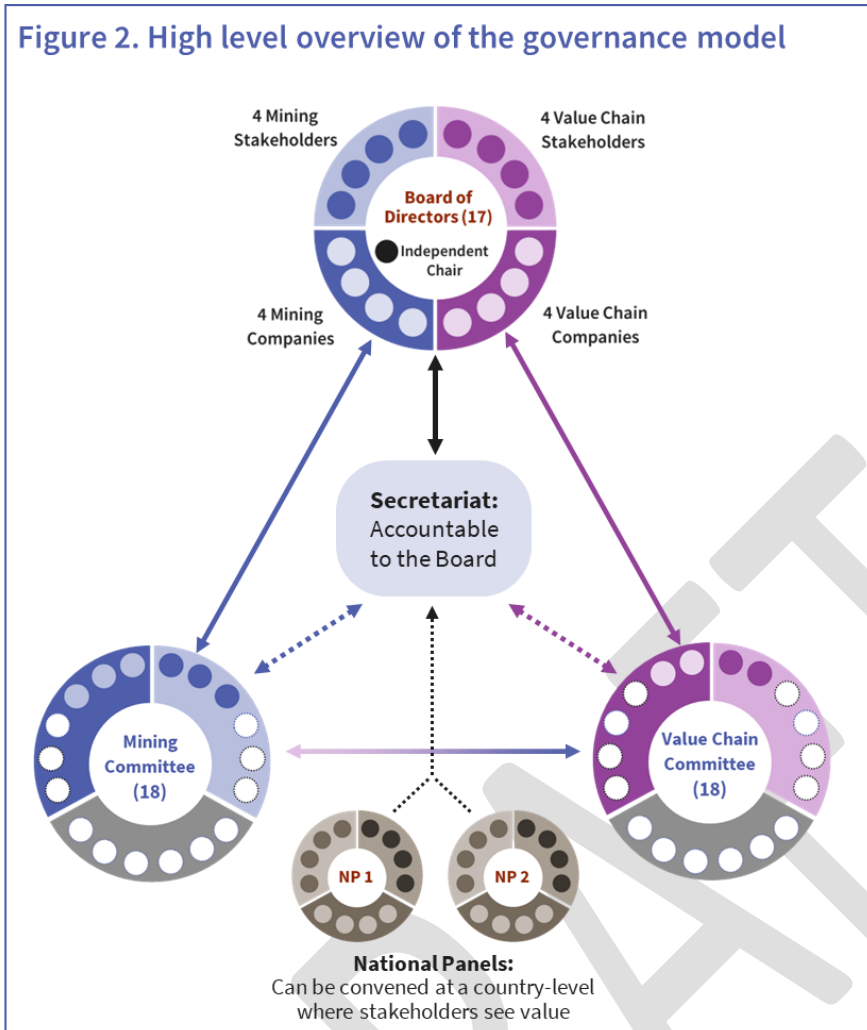
Figure 1. Key features of the proposed governance model



5. What does the overall governance model look like?

The governance model comprises a 17-person Board of Directors led by an Independent Chair. The Secretariat is responsible for delivering the 'legal entity's' strategy and objectives (see also section 1) and is accountable to the Board. Further details on the Board and Committees are included in sections 6 and 8 below.

Figure 2. High level overview of the governance model



The two main operational Board Committees are the Mining Committee and Value Chain Committee (see Section 8). Both Committees have delegated authority for their respective remits. While the Committees are accountable to the Board, they are expected to work closely with the Secretariat.

In addition, there is provision for National Panels to be convened in-country where the Board and relevant stakeholders see value, and can secure required funding in-country. A National Panel is not mandatory, and the absence of a panel is not a barrier to companies implementing the Standard. Further details are included in section 13 below.

6. What will the composition of the Board look like?

The legal entity will have a Board of Directors with collective responsibility for the entity’s vision, strategy, governance and resourcing. In constituting the Board, the four partners will seek to reflect the composition outlined below, as well as the range of skillsets needed for an efficient Board. The Board is intended to work in a constructive and collaborative manner, which will be a key criterion in the selection of Directors (see section 8).

Specifically, the Board will comprise an Independent Chair who is not currently working within the mining and metals industry (and has not for at least 3 years), plus 16 Directors able to contribute the perspectives sought for the following four ‘groups’ (see Figure 3):

- 4 Directors from mining companies implementing the Standard (**‘Mining Companies’**). Three mining company Directors will be drawn from the memberships of ICMM, MAC and WGC (one per membership organisation), with due regard to ensuring participation across different commodities, geographies and company size. It is recommended that one Director within this group should represent the interests of mid-tier mining companies, and one should represent smaller mining companies.

- 4 Directors from mining affected stakeholders (**‘Mining Stakeholders’**). This will include at least one Director from Indigenous Peoples, at least one from labour, and the others to further reflect social/community and environmental perspectives.
- 4 Directors from value chain companies (**‘Value Chain Companies’**) committed to responsible minerals and metals value chains which would include a mix of fabricators, recyclers, manufacturers, finance, retailers, etc., including two consumer facing companies and two companies further up the value chain.
- 4 Directors from value chain stakeholders (**‘Value Chain Stakeholders’**) committed to responsible minerals and metals value chains which may include those able to contribute the perspectives of labour, multi-lateral organisations, international NGOs, academics, multi-stakeholder initiatives, etc.

Initially, some of the Board seats will be filled by The Copper Mark Board members to support the transition and to be replaced by relevant commercial or stakeholder interests in due course. Having some Copper Mark Directors play this interim role will support the transition and ensure the continuity of operations. A list of the current Board members of the Copper Mark is available [here](#).

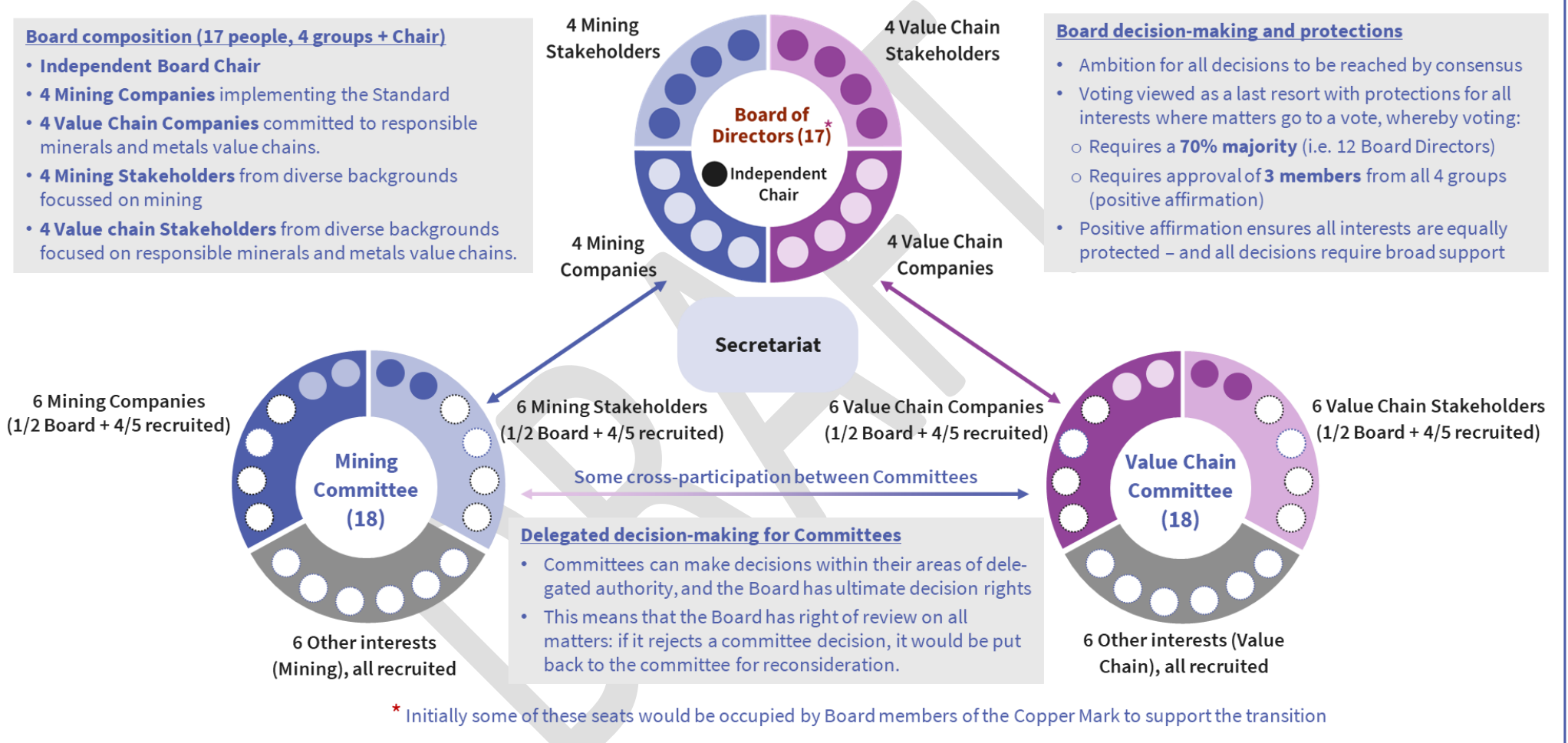
7. How will the Board make decisions?

The Board is expected to work in a constructive and collaborative manner to support the overall objectives of the legal entity. The ambition is for all decisions to be reached by consensus. To guide Directors in the process of decision-making and promote high levels of integrity, they will be encouraged to follow the voluntary [Code of Conduct for Directors](#), which is currently in the process of development by the UK Institute of Directors.

Voting is viewed as a last resort, but when voting is required, the threshold will be a **70% majority** overall (which would require 12 Directors to support a decision). As voting would take place by exception, if Board members are not present when a vote is initiated, they should be enabled to vote offline within a defined time period, so all Directors get to express an opinion. In addition, voting would require **positive affirmation** from all four groups, i.e. approval from at least three of the four Directors in each of the 4 groups. Positive affirmation will ensure that all groups’ interests are equally protected and that all decisions have broad support.

A quorum will be established. For example, the quorum could require the participation of at least 9 Board members plus the Chair, with at least 2 from each group. In addition, criteria for recusal of Directors in the event of a conflict of interest or prejudice concerning a particular matter will be established.

Figure 3. Overview of the Composition of the Board and Committees



8. What will the composition of the Mining and Value Chain Committees look like?

The Mining and Value Chain Committees will have similar compositions (see Figure 3) that aim to balance interests as follows:

- Each will have 6 company members (with a minimum of 1 and maximum of 2 from the Board, and the remainder recruited by the Board).
- Mining company members must include at least 2 small or mid-tier companies, and value chain companies should include a mix of fabricators, recyclers, manufacturers and consumer facing companies.
- Each will have 6 stakeholders affected by mining or value chain activities (with a minimum of 1 and maximum of 2 from the Board, and the remainder recruited by the Board). In the case of mining, this should include at least 2 Indigenous and 1 labour Committee members.
- Each will have 6 other interests committed to responsible mining/value chains, to reflect a balance between commercial and non-commercial interests, all recruited by the Board.
- Other interests could include investors, providers of finance, multi-lateral organisations, responsible mining or value chain initiatives, academics, think-tanks, international NGOs, etc., with a deep interest in and commitment to responsible mining and/or responsible minerals and metals value chains.

The proposal is that 2 of the 'other interests' on each Committee should bring relevant experience and expertise to the other Committee. In constituting Committees, the Board will strive to avoid duplication (and ensure broad participation of interests). The diversity criteria that apply to the Board will also apply to the selection of Committee members.

The Committee would have a Chair and two vice-Chairs so that each of the three groups participate, with the role of Chair rotating periodically.

9. How does delegated authority work and what would the delegated responsibilities of Mining and Value Chain Committees be?

As noted above (section 5), the expectation is that the Board will delegate authority to the Mining and Value Chain Committees for their respective remits. The Committees would therefore operate on a partial delegation basis. In practice, this means that the Board will be able to delegate decision-making to Committees, while retaining ultimate decision-making rights as legally required.

This model facilitates the ability of the Mining and Value Chain Committees to have decision-making powers for their respective remits, whilst retaining a level of protection for the Board members who are ultimately liable for the Legal Entity's actions. The Board will have a right of review on all matters; where the Board exercises its review powers to reject a committee decision on the basis of reasoned judgement, the committee decision or recommendation would be put back to the committee for reconsideration.

The Mining Committee will have delegated authority for:

- Consistent and robust processes to periodically update or develop the Standard, assurance process, grievance mechanism and claims policy.
- Providing guidance on interpreting the Standard, assurance, etc.

The Value Chain Committee will have delegated authority for:

- Initially, establishing a Value Chain strategy, approach and business model, guided by a need to avoid duplication of efforts.
- Improving the flow of data along the value chain and promoting continual improvement of environmental, social and governance practices along the responsible value chain of minerals and metals.
- Pursuing the harmonisation and recognition of standards along supply chains and across sectors.
- Developing targeted efforts to address gaps to meet market and regulatory demands where standards and assurance frameworks are not currently available or implemented.

The process for decision-making in Committees would likely be similar to that at Board level. The ambition therefore would be for all decisions to be reached by consensus. Voting is viewed as a last resort, but when voting is required, the threshold will be a 70% majority overall (which would require 13 Committee members to support a decision). As voting would take place by exception, it should enable those not present to vote so all Committee members get to express an opinion. In addition, voting would require **positive affirmation** from four members of all three groups, to ensure that all groups' interests are equally protected and that all decisions have broad support.

The Board will determine whether a quorum of Committee members is needed and what that should be. In addition, criteria for recusal of members in the event of a conflict of interest or prejudice concerning a particular matter would likely be the same as for the Board.

10. Would other Committees be established?

The Board will determine whether additional committees are required, which would likely include (at a minimum) both an Audit and Risk Committee and a Governance Committee (see also section 12).

11. How would the initial Board be established?

The four partners (ICMM, MAC, WGC and The Copper Mark) will be responsible for overseeing the process by which the inaugural Board is established, with reference to the details on Board Composition outlined in section 6. It is envisioned that this will work as follows:

- The four partners will propose a limited number of criteria to guide the selection of an Independent Chair, which the IAG and SAG will review, refine and agree with the four partners. At that stage there will be an open call for applications.
- Taking into consideration applications received, the IAG and SAG will be asked to put together a shortlist of potential Independent Chairs that satisfy the agreed criteria and on the basis that any could serve as an effective independent Chair.
- The four partners will select the independent Chair from this shortlist.
- The Independent Chair will work with the IAG, and the SAG to select the 4 Mining Stakeholders, 4 Value Chain Stakeholders, and 4 Value Chain Company Directors (see section 6 for further details). This will initially include some Directors from the Copper Mark to support the transition and ensure the continuity of operations.
- The ICMM, MAC and WGC will each nominate one Mining Company Director, with due regard for ensuring representation across different commodities, geographies and company sizes (see section 3).

In working through the above process, input will be sought from the IAG and the SAG, including consideration of whether any IAG or SAG members should be appointed to the initial Board. Prior to commencing this process, any SAG and IAG members interested in being nominated would be asked to recuse themselves from all discussions around the nomination process.

Director terms shall be 3 years, renewable once. It is envisaged that the initial appointments will be staggered to ensure a rotation of the Board that is manageable and allows for continuity of the organisation. Diversity criteria in line with the principles outlined in section 2 should be considered in the appointment process of the Board and its committees and will be developed in due course.

12. How would the Board be renewed over time?

A process for renewal of the inaugural Board will be designed to protect:

- The governance principles outlined in section 3 (i.e. inclusive, effective, credible, impact-driven, effective, pragmatic, and diverse)
- The balance of participation between the four groups and sustained involvement of interests deemed essential to the process (e.g. labour, indigenous members)
- A sustained understanding of the responsibilities of Board members with reference to a Code of Conduct
- The need to balance the requisite skills/experience and diversity across the Board.

It would be overseen by a Board Governance Committee (involving diverse participation) from the groups participating in the Board. It would include an open call for interested parties that meet clearly defined requirements to replace the outgoing Board member(s) to indicate their interest. Once the Governance Committee has identified preferred candidate(s), the final selection would be subject to Board approval.

13. What is the role of National Panels?

National Panels would be convened in-country where the Board and relevant stakeholders see value and can secure required funding in-country. They would be required to adhere to Terms of Reference (ToR) developed by the Board that set out minimum expectations for multi-stakeholder participation, operational procedures and transparency. National Panels may be convened by national mining associations, EITI multi-stakeholder groups, etc., subject to adhering to the ToR. The National Panel could:

- Provide country-specific interpretation to implementers and assurance providers, but would not be able to change the requirements of the Standard
- Advise on jurisdictional risks based on legal framework
- Provide a forum for dialogue between stakeholders on implementation of the Standard
- Support the identification of stakeholders to participate in assurance processes at the facility level
- Provide a pipeline of informed participants to engage in governance bodies and to serve on committees during standard reviews

A National Panel is not mandatory, and the absence of a panel is not a barrier to companies implementing the Standard.

14. What happens next?

Following a 60-day public consultation period, the four partners will compile and review all input received and discuss the implications for the proposed governance model with the SAG and IAG.