



# **The Copper Mark Due Diligence Procedure**

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## Table of Contents

<b>1</b>	<b><i>Introduction</i></b> .....	<b>2</b>
<b>2</b>	<b><i>Scope and Responsibility</i></b> .....	<b>2</b>
<b>3</b>	<b><i>Risk Identification</i></b> .....	<b>4</b>
<b>3.1</b>	<b>Business Partner Set Up</b> .....	<b>4</b>
<b>3.2</b>	<b>Media Scanning</b> .....	<b>5</b>
<b>3.3</b>	<b>Grievance Mechanism</b> .....	<b>6</b>
<b>4</b>	<b><i>Risk Management</i></b> .....	<b>6</b>
<b>4.1</b>	<b>Legal Compliance</b> .....	<b>6</b>
<b>4.2</b>	<b>Assurance Process</b> .....	<b>6</b>
<b>4.3</b>	<b>Business Partner Engagement</b> .....	<b>8</b>
<b>4.3.1</b>	<b>Approved assessors &amp; vendors</b> .....	<b>8</b>
<b>4.3.2</b>	<b>Other business partners</b> .....	<b>9</b>
<b>4.4</b>	<b>Grievance Mechanism</b> .....	<b>9</b>
<b>5</b>	<b><i>Remediation</i></b> .....	<b>10</b>
<b>6</b>	<b><i>Reporting</i></b> .....	<b>10</b>

## 1 Introduction

The purpose of the Copper Mark Due Diligence Procedure (herein “the DD Procedure”) is to define the process, procedures and tools used by the Copper Mark staff to implement its Human Rights Policy Statement.

The DD Procedure is implemented in conjunction with the following main documents:

- The Copper Mark Human Rights Policy
- The Copper Mark Business Integrity Policy
- The Copper Mark Assurance Process
- The Copper Mark Grievance Mechanism

## 2 Scope and Responsibility

The DD Procedure applies to:

- The Copper Mark company, and
- All business partners of the Copper Mark, which include participants, sites using the Copper Mark Assurance Process, vendors, assessors as well as parent companies of participating sites and partner organizations.

The DD Procedure covers all issue areas covered by the Copper Mark Standards.

The Copper Mark considers the following parameters when determining its approach under the DD Procedure:

1. Legal compliance risk(s) to the Copper Mark;
2. The Copper Mark causes or contributes to adverse human rights impact(s);
3. The Copper Mark is directly linked to adverse human rights impact(s). In this case, the Copper Mark also considers:
  - a. Existing action underway to remedy the adverse human rights impact(s);
  - b. The severity of the adverse human rights impact(s);
  - c. The ability of the Copper Mark to influence the actor(s) causing the adverse human rights impact(s).
4. Reputational risk(s) to the Copper Mark.

The Executive Director is responsible for the implementation of the Due Diligence Procedure and reports to the Board on a regular basis:

- Staff will immediately notify and seek advice from legal counsel and the Board for:
  - Any issues related to the Copper Mark’s legal compliance.
  - Any grievance received. Staff will follow the process defined in the Copper Mark Grievance Mechanism in this case.
  - Situations where the Copper Mark caused or contributed to adverse human rights impacts.
  - Where the due diligence process results in the suspension or removal of the Copper Mark or the suspension or termination of the business relationship.
- Staff will raise the following issues with the Board for purposes of disclosure:
  - Situations where the Copper Mark is directly linked to adverse human rights impact(s).
  - Any issues that present a reputational risk to the Copper Mark.

The matrix in figure 1 outlines the main categories of risk to people and risk to the business as well as how the Copper Mark manages these:

Figure 1: Risk Matrix

	<b>Risk to Business</b>	<b>Risk to People</b>	<b>Action</b>
Low Risk	Low reputational risk to the Copper Mark	The Copper Mark is indirectly linked to adverse human rights impacts but has little ability to influence the actor causing the impact.	Issue managed by staff through established Copper Mark processes and procedures.
Examples	Adverse media / NGO reports about the copper industry / voluntary standards	Adverse human rights impacts by a company that owns / operates Copper Mark participating site(s).	Assurance Process Due Diligence Procedure
Medium Risk	Non-existential reputational risk to the Copper Mark	The Copper Mark is indirectly linked to adverse human rights impacts.	Disclosure to the Board. Issue managed by staff through established Copper Mark processes and procedures.
Examples	Adverse media / NGO report about the Copper Mark	Adverse human rights impacts by a Copper Mark participating site.	Assurance Process Due Diligence Procedure Grievance Mechanism
High Risk	Legal non-compliance of the Copper Mark Existential reputational risk to the Copper Mark Risk of retaliation against the Copper Mark	The Copper Mark directly causes or contributes to adverse human rights impacts.	Immediate disclosure to the Board and legal counsel. Issue managed by the Board and legal counsel.
Examples	Business partner subject to sanctions Resignation of key supporters / governance members	Adverse human rights impact on staff or assessors in the exercise of their tasks for the Copper Mark	

### 3 Risk Identification

The DD Procedure covers the following main elements used by the Copper Mark to identify risks:

1. Business Partner Set Up
2. Media Scanning
3. Grievance Mechanism

#### 3.1 Business Partner Set Up

Purpose	To ensure compliance of the Copper Mark with all laws and regulations.
Applicability	All business partners
Timing	Prior to entering a business relationship
Other Relevant Parties	Legal Counsel
Related Documents	<ul style="list-style-type: none"> <li>• The Copper Mark Business Integrity Policy</li> <li>• Due Diligence Reports</li> <li>• The Copper Mark Letter of Commitment</li> <li>• The Copper Mark Agreements: <ul style="list-style-type: none"> <li>○ Producer Agreement</li> <li>○ Joint Due Diligence Standard Agreement</li> <li>○ Vendor Agreement</li> <li>○ Assessor Application Form</li> </ul> </li> </ul>
Process Steps	<ul style="list-style-type: none"> <li>• Staff conducts a search on the internet to identify the principles of the entity. For participants, staff reviews the Company Overview Section of the Letter of Commitment.</li> <li>• Staff conducts a search on the public sanctions lists of the EU, UK, US and Switzerland for the entity and the principles.</li> <li>• Staff conducts a search of public information for any reports related to the entity or its principles that may case an actual or perceived action against the Copper Mark Business Integrity Policy (money laundering, bribery, corruption, fraud, economic crimes or other risks to legal compliance).</li> <li>• The results of the search are recorded in the Due Diligence Report.</li> <li>• Staff works with the entity to sign the appropriate Copper Mark Agreement.</li> </ul>
Outcomes:	<p>The Copper Mark enters into a business relationship.</p> <p>The Copper Mark does not enter in a business relationship in the following instances:</p> <ul style="list-style-type: none"> <li>• The entity is located in a sanctioned country</li> <li>• An owner, main shareholder, managing director, CEO, officer or trustee of the entity appears on the sanctions list of the EU, UK, US or Switzerland.</li> <li>• There is a risk to the Copper Mark’s legal compliance.</li> </ul>

### 3.2 Media Scanning

Purpose	<p>To identify any situations where the Copper Mark may cause, contribute or be directly linked to adverse human rights impact(s).</p> <p>To understand, proactively manage, and monitor potential reputational risks to the Copper Mark organization.</p> <p>To inform the scope of the Independent Site Assessment or Re-Assessment for participants.</p>
Applicability	All business partners
Timing	Prior and throughout the business relationship.
Other Relevant Parties	<p>Legal Counsel</p> <p>Vendor</p>
Related Documents	<ul style="list-style-type: none"> <li>• The Copper Mark Assurance Process</li> <li>• Due Diligence Report</li> <li>• Due Diligence Check Log</li> </ul>
Process Steps	<ul style="list-style-type: none"> <li>• Concurrently with or after the set up of the appropriate Copper Mark Agreement, staff conducts or commissions a third-party to conduct a search on publicly available information on the business partner:             <ul style="list-style-type: none"> <li>○ Staff conducts the search for vendors, assessors and other business partners using the resources and search terms defined in the Due Diligence Checklist.</li> <li>○ Staff commissions the search to a vendor for participants and sites using the Copper Mark Assurance Process.</li> </ul> </li> <li>• Throughout the business relationship, staff monitors public reports on business partners using the following channels:             <ul style="list-style-type: none"> <li>○ Media reports (using Google Alert functions and / or third-party due diligence reports)</li> <li>○ Reports by civil society organizations</li> <li>○ Grievances received by the Copper Mark</li> <li>○ Information received directly from affected stakeholders</li> </ul> </li> <li>• Results of the search and monitoring of public reports are logged by staff or the vendor in a Due Diligence Report on the business partner.</li> <li>• Results that are flagged “red” in the report are logged by staff in the Due Diligence Check Log.</li> </ul>
Outcomes:	<ul style="list-style-type: none"> <li>• The media scanning does not identify any reports that are flagged “red” in the Due Diligence Report.</li> <li>• The media scanning identifies reports that are flagged “red” in the Due Diligence Report and that relate to the scope of the Copper Mark Standards.</li> </ul>

### 3.3 Grievance Mechanism

Purpose	To resolve grievances against the Copper Mark or against a site that participates in the Copper Mark Assurance Process.  To identify any situations where the Copper Mark causes, contributes to or is directly linked to adverse human rights impact(s).
Applicability	All business partners
Timing	Any time
Other Relevant Parties	Board of Directors Legal Counsel Panel of Experts
Related Documents	<ul style="list-style-type: none"> <li>• The Copper Mark Assurance Process</li> <li>• The Copper Mark Grievance Mechanism</li> </ul>
Process Steps	<ul style="list-style-type: none"> <li>• Defined in the Copper Mark Grievance Mechanism</li> </ul>
Outcomes:	<ul style="list-style-type: none"> <li>• A grievance is filed and found admissible.</li> <li>• A grievance is filed and found inadmissible.</li> </ul>

## 4 Risk Management

The DD Procedure covers the following main elements used by the Copper Mark to manage risk:

1. Legal Compliance
2. Assurance Process
3. Business Partner Engagement
4. Grievance Mechanism

### 4.1 Legal Compliance

Purpose	To ensure compliance of the Copper Mark with all laws and regulations.
Applicability	All business partners
Timing	Any time
Other Relevant Parties	Board of Directors Legal Counsel
Related Documents	N/A
Process Steps	Issues related to the Copper Mark's legal compliance are raised with and handled through legal counsel and the Board of Directors.
Outcomes:	Issues related to the Copper Mark's legal compliance are handled through legal counsel and the Board of Directors.

### 4.2 Assurance Process

Purpose	To determine conformance of the site with the Copper Mark Standards.
Applicability	Participants and sites using the Copper Mark Assurance Process
Timing	Any time
Other Relevant Parties	Approved Assessors
Related Documents	<ul style="list-style-type: none"> <li>• The Copper Mark Assurance Process</li> <li>• The Copper Mark Claims Guide</li> </ul>
Process Steps	<p>During regular Assessment / Re-Assessment Cycles:</p> <ul style="list-style-type: none"> <li>• The results of the media scanning will be shared with the approved assessor selected by the site and incorporated into the scope of the Independent Site Assessment or Re-Assessment.</li> <li>• Staff reviews the assessment plan with the site and the approved assessor to confirm any issues flagged “red” in the Due Diligence Report have been appropriately integrated in the assessment.</li> <li>• Staff reviews the assessment report to confirm implementation of the assessment plan.</li> <li>• Staff records the performance determination for any area of the Copper Mark Standard that are related to the issue(s) flagged “red” in the Due Diligence Report.</li> </ul> <p>During off-cycles:</p> <ul style="list-style-type: none"> <li>• Staff will review the Due Diligence Report and determine the next steps taking into account: <ul style="list-style-type: none"> <li>○ Existing action by the site, including legal action.</li> <li>○ Severity of the issue.</li> <li>○ The site’s performance determination for the areas of the Copper Mark Standards that are related to the issue.</li> <li>○ The site’s status within the Assurance Process.</li> </ul> </li> <li>• Based on the review, staff will take one or some of the following steps: <ul style="list-style-type: none"> <li>○ Record the issue to be integrated into the next regular assessment cycle.</li> <li>○ Review the issue with the site during the quarterly improvement plan progress review.</li> <li>○ Review the issue with the site as part of the off-year reporting requirements.</li> <li>○ Seek to obtain further information on the issue through, for example: <ul style="list-style-type: none"> <li>▪ Fact-finding by staff;</li> <li>▪ Engagement with the site;</li> <li>▪ Fact-finding using external resources;</li> <li>▪ Request of a partial or full off-cycle assessment in accordance with Section 3.5 of the Copper Mark Assurance Process.</li> </ul> </li> </ul> </li> <li>• Staff will engage with the site to prompt it to take appropriate action to respond to the issue.</li> </ul>

Outcomes:	<ul style="list-style-type: none"> <li>• The site obtains or maintains the Copper Mark if it :             <ul style="list-style-type: none"> <li>○ “fully meets” the Copper Mark Standards, demonstrating appropriate systems are in place to manage the issue(s) identified, or</li> <li>○ “partially meets” the Copper Mark Standards, indicating some systems are in place to manage the issue(s) identified.</li> </ul> </li> <li>• The site does not obtain the Copper Mark if it “does not meet” the Copper Mark Standards.</li> <li>• The Copper Mark is suspended or removed if the site “does not meet” the Copper Mark Standards.</li> </ul>
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### 4.3 Business Partner Engagement

#### 4.3.1 Approved assessors & vendors

Purpose	To confirm ongoing conformance of the business partner with the Copper Mark policies, processes and procedures.
Applicability	Approved assessors, vendors
Timing	During an active business relationship
Final Decision Making	Board of Directors
Other Relevant Parties	N/A
Related Documents	<ul style="list-style-type: none"> <li>• Assessor Application Form</li> <li>• Copper Mark Assessor Management Procedure</li> <li>• Vendor Agreement</li> </ul>
Process Steps	<ul style="list-style-type: none"> <li>• Staff will review the results of the media scanning to determine:             <ul style="list-style-type: none"> <li>○ The extent to which the issue is relevant to the Copper Mark;</li> <li>○ Whether the issue impacts the business partner’s ability to:                 <ul style="list-style-type: none"> <li>▪ Deliver services to the Copper Mark;</li> <li>▪ Conform with the policies, processes and procedures of the Copper Mark.</li> </ul> </li> </ul> </li> <li>• Based on the review, staff will take one or some of the following steps:             <ul style="list-style-type: none"> <li>○ No further action</li> <li>○ Fact-finding by staff</li> <li>○ Engagement with the business partner;</li> <li>○ Request for the business partner to:                 <ul style="list-style-type: none"> <li>▪ Implement an improvement plan;</li> <li>▪ Participate in training / capacity building measures.</li> </ul> </li> </ul> </li> </ul>
Outcomes:	<ul style="list-style-type: none"> <li>• The business partner continues to conform with the Copper Mark policies, processes and procedures.</li> </ul>

	<ul style="list-style-type: none"> <li>• The business partner does not fully conform with the Copper Mark policies, processes and procedures but agreed to implement an improvement plan.</li> <li>• As a last resort, the business relationship may be suspended or terminated if the business partner does not conform with the Copper Mark policies, processes and procedures.</li> </ul>
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#### 4.3.2 Other business partners

Purpose	To understand, proactively manage, and monitor potential reputational risks to the Copper Mark organization.
Applicability	Other business partners
Timing	During an active business relationship
Final Decision Making	Board of Directors
Other Relevant Parties	N/A
Related Documents	N/A
Process Steps	<ul style="list-style-type: none"> <li>• Staff will review the results of the media scanning and consider: <ul style="list-style-type: none"> <li>○ Existing action underway by the business partner to address the issue / remedy the adverse human rights impact.</li> <li>○ The severity of the adverse human rights impact.</li> <li>○ The Copper Mark’s ability to influence the actions of the business partner.</li> </ul> </li> <li>• Based on the review, staff will take one or some of the following steps: <ul style="list-style-type: none"> <li>○ No further action.</li> <li>○ Fact-finding by staff.</li> <li>○ Fact-finding using external resources.</li> <li>○ Engagement with the business partner.</li> <li>○ Engagement of the Copper Mark in collective action.</li> </ul> </li> </ul>
Outcomes:	<ul style="list-style-type: none"> <li>• The Copper Mark does not engage with the other business partner.</li> <li>• The Copper Mark engages directly with the other business partner with a view to influence practices.</li> <li>• The Copper Mark engages in collective efforts to influence practices of the other business partners.</li> </ul>

#### 4.4 Grievance Mechanism

Purpose	To resolve grievances against the Copper Mark or against a site that participates in the Copper Mark Assurance Process.
Applicability	All business partners
Timing	Any time
Final Decision Making	Panel of Experts
Other Relevant Parties	Board of Directors Legal Counsel

	Panel of Experts
Related Documents	<ul style="list-style-type: none"> <li>• The Copper Mark Assurance Process</li> <li>• The Copper Mark Grievance Mechanism</li> </ul>
Process Steps	<ul style="list-style-type: none"> <li>• Defined in the Copper Mark Grievance Mechanism</li> </ul>
Outcomes:	<ul style="list-style-type: none"> <li>• Defined in the Copper Mark Grievance Mechanism</li> </ul>

## 5 Remediation

Issues related to the Copper Mark’s legal compliance are handled through legal counsel.

Where the Copper Mark caused or contributes to adverse human rights impacts, it will provide for or cooperate in their remediation through legitimate processes.

Where the Copper Mark is directly linked to adverse human rights impacts, it will:

- Make good faith efforts to acknowledge and, where appropriate, provide remedy for its own involvement in any harm suffered.
- Assess opportunities to improve its policies, processes and procedures to ensure similar abuses will not occur again.
- Where appropriate, cooperate in remediation through legitimate processes.

## 6 Reporting

The Copper Mark will report annually on:

- aggregated summary of grievances including appropriate metrics and with due consideration to confidentiality.
- Aggregated summary of issues identified in the implementation of the DD Procedure, including appropriate metrics with due consideration to confidentiality.