Copper Mark's Joint Due Diligence Standard

ASSESSMENT FOR RECOGNITION BY THE LME'S RESPONSIBLE SOURCING REQUIREMENTS UNDER "TRACK A" USING THE OECD ALIGNMENT ASSESSMENT METHODOLOGY

FINAL REPORT

June 2024

Contents

Acronyms and definitions

ASM: Artisanal and small-scale mining

Annex II risks: Annex II risks are identified as “serious abuses associated with the extraction, transport or trade of minerals, direct or indirect support to non-state armed groups, public or private security forces, bribery and fraudulent misrepresentation of the origin of minerals, money laundering, payment of taxes, fees and royalties due to governments and bribery”.

Assessors: Alignment assessors selected by the London Metal Exchange.

Auditors: Copper Mark assessors

CAHRA: Conflict-affected or high-risk area

CAP: Corrective Action Plan(s)

Copper Mark: The name of the programme, not that in this instance it does not relate to the Copper Mark Standard (which the Joint Due Diligence Standard forms part of).

EITI: Extractive Industry Transparency Initiative

JDDS: Joint Due Diligence Standard

LME: London Metal Exchange

OECD: Organisation for Economic Cooperation and Development

Shadow audit: Observations by the LME’s assessor’s of the activities of an auditor who is auditing a company against the requirements of the Programme

SoRs: Smelters or refiners

Summary

In 2021, the Joint Due Diligence Standard for Copper, Lead, Nickel and Zinc (the Standard)[1] was established by The Copper Mark, the International Lead Association (ILA), the Nickel Institute (NI), the International Zinc Association (IZA) and the Responsible Minerals Initiative (RMI) to enable responsible global supply chain management in the copper, lead, nickel and zinc industries.

The Standard was developed to align with the requirements of the OECD Due Diligence Guidance for Minerals Sourced from High-Risk and Conflict-Affected Areas (the 'OECD Guidance'). The Copper Mark has put forward the Standard to be recognised by the LME for its "Track A" responsible sourcing requirements.

It should be noted that the JDDS fits within the Copper Mark certification scheme and sites can choose to be audited against the JDDS alone or attempt to reach full Copper Mark certification. The latter, at the time of the assessment, requires sites to be assessed against 32 criteria[2], some of which, such as criteria 24 and 25 on community development and ASM, can overlap with expectations set in the JDDS (criterion 31). This report only focuses on the content of the JDDS.

The evaluation was carried out through a desk-based review of relevant documentation, interviews with Copper Mark staff and key programme stakeholders, and three shadow audits which were carried out in 2022. All of the shadow audits were of the Programme's auditee companies which took place in Europe and South America.

Initially the JDDS scheme was found to be fully aligned with almost all the assessment criteria in this section of the OECD's Methodology, however one gap was identified where the assessor concluded that the scheme's implementation was only partially aligned. This relates to whether due diligence covers all the risks set out in Annex II of the OECD Guidance. The Copper Mark addressed the gaps relating to the criterion in question, A.7, by providing additional trainings on key auditing skills to auditors. A desk-based review was carried out by Kumi in Q1/Q2 2024 to review the steps taken by Copper Mark and determine the final, fully aligned rating.

KEY STRENGTHS OF THE PROGRAMME

- Effective programme management that includes extensive and proactive engagement with members and internal and external stakeholders.
- Strong commitment to supporting mines, smelters and refiners to achieve compliance, including through the provision of training, tools and guidance for compliance with the Programme.
- Stakeholder interviews were positive about the Copper Mark's management of the scheme, they are transparent and well-informed.

KEY GAPS INITIALLY IDENTIFIED IN THE PROGRAMME

- The gaps initially observed preventing full alignment of the programme related to auditor competencies and consistency in the delivery of audits against programme requirements. The key themes were:
  - Insufficient expertise in the industry and in the requirements of the Standard, leading to gaps in the identification of potential risks or challenging of management controls.
  - Insufficient attention to the details of the Standard and its requirements, leading to gaps or superficial reviews only of key aspects of auditees management systems and practices.
- At one of the observed audits the auditee raised a complaint to Copper Mark regarding the conduct of the auditor. Follow-up actions were undertaken by Copper Mark staff in response.

[1] Molybdenum has since been added to the scope of the JDDS.
[2] https://coppermark.org/wp-content/uploads/2020/08/Copper-Mark-Criteria-Guide_FINAL_24FEB20.pdf

- Overall, auditors tended to focus on the existence of a process over the implementation of the process on a range of issues, including escalation of issues, risk assessment and risk management.
- Step 5 reporting does not meet expectations, with Kumi's analysis of 10 random reports noting that seven of them only described process, not outputs.

ACTIONS TAKEN BY THE PROGRAMME TO ADDRESS THE GAPS

To achieve alignment, the Copper Mark addressed the gaps in relation to criterion A.7 by providing three training sessions for approved auditors.

The trainings covered the requirements of being a JDDS-approved auditor, soft skills required to successfully carry out audits and background knowledge on the copper industry to help inform auditors when carrying out an audit.

Assessors attended the training sessions and reviewed the attendance of the trainings.

A refresher training was carried out in February 2024, which covered the gaps that had been identified within the initial assessment. The training focused on the knowledge gaps of the Standard that had been identified. All assessors were required to complete a quiz that was also reviewed by Kumi. The Copper Mark held a live session which was attended by ~50 participants. Those who could not make it received a recording and the quiz to complete by 30th April 2024, the Copper Mark was following up with auditors to ensure they participated in the mandatory training.

In April 2024, further training was provided covering soft skills gaps that had been identified within the initial assessment. A Kumi consultant attended one of the three sessions. The sessions had low attendance in comparison to the number of invitees and the session was not recorded.

Finally, there was a training session on the copper sector, which gave insight into the industry and the basics of copper. Again, attendance was low in comparison to those who were invited.

NOTES TO THE ASSESSMENT CONCLUSION

Assessors were satisfied that the level of training provided to auditors successfully addressed the gaps identified in the initial assessment, as the refresher training on the Standard was made available to all JDDS-approved auditors.

However, due to the low attendance of certain sessions (particularly around soft skills), an example being the European session having participation of <10%, we recommend ongoing monitoring by the LME in relation to this criterion, including shadow audits of trained auditors to check on the effectiveness of the training.

In addition, further training should also be provided to those individuals who did not attend the auditor training sessions. The Copper Mark could also make attendance for the training mandatory unless an auditor can demonstrate they already have the relevant skills and experience.

USE OF THE OECD ALIGNMENT ASSESSMENT METHODOLOGY FOR NEW MINERAL SUPPLY CHAINS

The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas provides a framework for detailed due diligence as a basis for responsible supply chain management of all minerals.

Since many of the Guidance's recommendations for enhanced due diligence are situated in the Supplement on Tin, Tantalum and Tungsten ("3T Supplement") and the Supplement on Gold, and the Alignment Assessment Methodology refers to such metals in its criteria, the assessors took note of the ease of application of the Methodology to other mineral supply chains.

The Methodology was largely suitable to the supply chains in scope of the JDDS. Intrinsic variation between supply chains may in certain instances have created an impression that some criteria in the Methodology are specific to issues pertaining to sectors not in scope of the JDDS, though the assessor does not consider these to have materially impacted the assessment. For example, the Copper Mark raised concerns about several criteria related to artisanal and small-scale mining (ASM) and cash payments, to which they consider covered metals to have little exposure. While it is possible that ASM forms a small share of the minerals sourced by sites currently audited by the JDDS, significant volumes of ASM do exist in the supply chains covered by the standard.

It could be considered in future use of the Methodology to out-scope certain criteria, however, where there is a well-evidenced basis due to the scope, circumstances and configuration of the supply chain or scheme in question that such criteria do not apply. As the configuration and segmentation of mineral supply chains vary, interpretive notes on how certain criteria referring to specific supply chain segments have been applied to a new mineral supply chain with a unique configuration may also be appropriate.

Assessment conclusion

SUMMARY DASHBOARD

The table below compares the Programme's assessment results against the requirements for a Programme to meet Full Alignment and achieve the recognition of equivalence as set out in the OECD's Alignment Assessment Methodology which has been adopted by the LME for recognition under its "Track A" requirements.

SECTION	REQUIREMENT FOR FULL ALIGNMENT	ASSESSMENT RESULTS	
A – Overarching due diligence principles	100% of criteria 'Fully Aligned'	*Total # of applicable criteria*	14
		# of 'Fully Aligned' criteria	14
		# of 'Partially Aligned' criteria	0
		# of 'Not Aligned' criteria	0
		% score	**100%**
B and C – Overall alignment with the five-step framework	80% or more + no 'Not Aligned' criteria	*Total # of applicable criteria*	62
		# of 'Fully Aligned' criteria	45
		# of 'Partially Aligned' criteria	17
		# of 'Not Aligned' criteria	0
		% score	**86%**
Programme Governance	Not applicable	*Total # of applicable criteria*	36
		# of 'Fully addressed' criteria	28
		# of 'Improvement opportunity' criteria	6
		# of 'Not addressed' criteria	2
		% score	**86%**

Note: In the OECD Alignment Assessment methodology, a 'partially aligned' criterion is awarded half the score of a 'Fully Aligned' criterion. An explanation of the assessment methodology is provided on page 8.

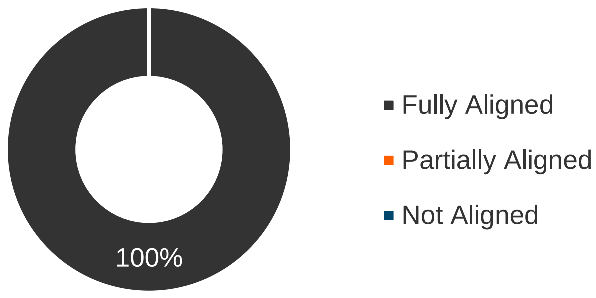
Following the completion of this assessment, the Joint Due Diligence Standard is rated overall as **'Fully Aligned'**.

SECTION SCORES

The charts below summarise the assessment scores against each of the three sections of the Alignment Assessment.

Figure 1: Section A - Overarching due diligence principles

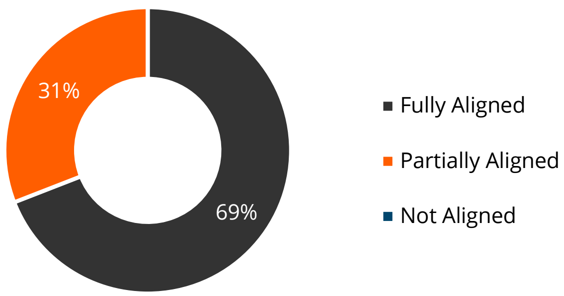
The criteria in this section relate to whether key overarching due diligence principles have been incorporated into the design and implementation of the Programme.



No. of applicable criteria	14
# of Fully Aligned	14
# of Partially Aligned	0
# of Not Aligned	0

Figure 2: Section B – Alignment of programme requirements with the five-step due diligence framework

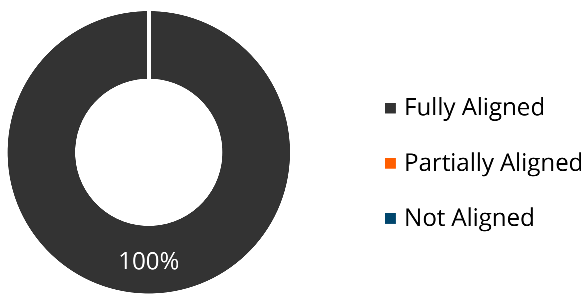
The criteria in this section relate to whether the Programme's requirements for companies are aligned to the specific recommendations of the OECD five-step due diligence framework and are implemented in practice.



No. of applicable criteria	55
# of Fully Aligned	38
# of Partially Aligned	17
# of Not Aligned	0

Figure 3: Section C – Specific responsibilities of the programme

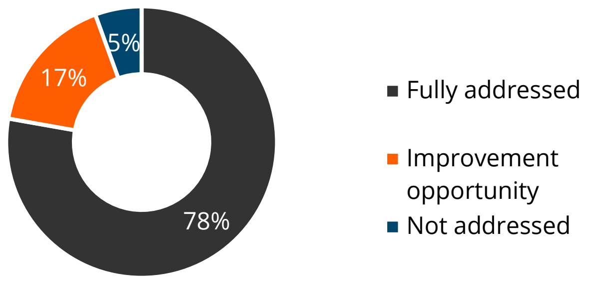
The criteria in this section relate to whether the activities directly undertaken by the Programme itself are aligned to the specific recommendations for Programmes within the OECD five-step due diligence framework.



No. of applicable criteria	7
# of Fully Aligned	7
# of Partially Aligned	0
# of Not Aligned	0

Figure 4: Programme Governance

The criteria in this section relate to the governance of the Programme. The scores within this section do not impact the final score of the Programme against the LME/OECD's requirements.



No. of applicable criteria	36
# of Fully Addressed	28
# of Improvement Opportunity	6
# of Not Addressed	2

Methodology

The Programme was evaluated using the OECD's Methodology for the Alignment Assessment of Industry Programmes, as defined by the LME's Responsible Sourcing requirements for Programmes looking for recognition under "Track A". As required under the OECD Methodology, the Programme was assessed against two aspects:

- **Policies and standards** that set out the requirements that smelters and refiners must comply with to participate in the JDDS.
- **Implementation** of these policies and standards by the Programme, primarily (but not exclusively) achieved through independent third-party verification (i.e., audits) of smelters' and refiners' due diligence activities.

The Programme is assessed against three criteria groups, known as A, B and C criteria. Criteria A relate to whether key overarching due diligence principles have been incorporated into the design and implementation of the Programme. Criteria B and C relate to whether the Programme's requirements for companies and the activities it undertakes itself are aligned to the specific recommendations of the OECD five-step due diligence framework and implemented in practice.

Each applicable criterion is rated as "fully aligned", "partially aligned" or "not aligned" and the overall conclusion of the Alignment Assessment is calculated and reported as follows:

- Fully Aligned: (Section A = 100% of criteria 'Fully Aligned) + (Sections B and C = 80% or more) + (no 'Not Aligned' criteria)
- Partially Aligned: All other combinations between 'Fully Aligned' and 'Not Aligned' criteria
- Not Aligned: (Section A = <50% of criteria 'Fully Aligned') OR (Sections B and C = 20% or more of criteria are 'Not Aligned')

For a Programme to claim to be aligned it must achieve a rating of 'Fully Aligned' in the overall conclusion of the Alignment Assessment.

The evaluation was carried out through a desk-based review of relevant documentation (including reviews of each individual standard and relevant supporting documentation – see Annex 1), as well as interviews with Copper Mark staff, engagement with key stakeholders of the Programme (with business, civil society and government organisations; five of whom were interviewed and three provided written consultation responses) and through shadow audits at a sample of four downstream companies participating in the Programme.

To ensure the assessments were representative of the Programme, shadow audits of upstream and downstream companies were conducted in Latin America and Europe.

ALIGNMENT ASSESSMENT SCORING METHODOLOGY

To develop Alignment Assessment conclusion scores, each rating for each criterion is assigned a numerical value of 0, 1 or 2, depending on whether a criterion is 'Fully Aligned', 'Partially Aligned' or 'Not Aligned'. The final percentages are then calculated using those numerical values, as follows:

*((Sum of all numerical values, as established by their alignment status) / (((total number of applicable criterion) *2)) * 100*

= final % score leading to alignment assessment conclusion score per applicable section

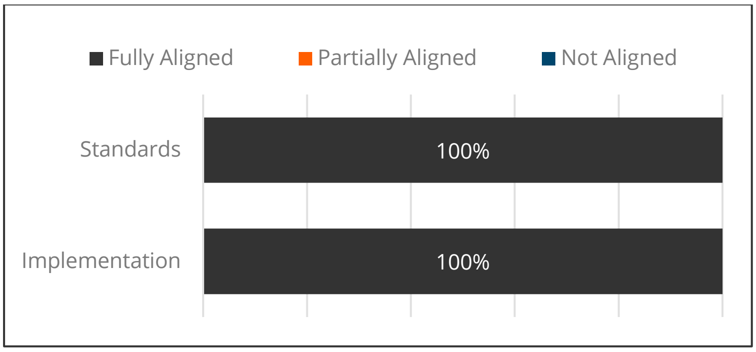
For example, if there were a total number of 5 applicable criteria, and 3 were considered Fully Aligned, 1 Partially Aligned and 1 Not Aligned, the scoring would be as follows:

*((2 + 2 + 2 + 1 + 0) / (5*2)) * 100 = (7/10) * 100 = 0.7 * 100 = 70%*

A. Overarching due diligence principles

For an assessment of a programme to conclude a rating of “Fully Aligned”, 100% of the criteria within this ‘Overarching due diligence principles’ section needs to be rated as “Fully Aligned. From a ‘Policies and Standards’ perspective, the Programme was found to be fully aligned with the requirements of the OECD Guidance. However, some gaps were noted in the implementation of the Programme.

Figure 5. The Joint Due Diligence Standards’ score under ‘Overarching due diligence principles’



The Programme emphasises that due diligence is ongoing, proactive and a reactive process that improves over time. It recognises that implementing an effective due diligence system requires continual improvement and engagement by companies responsible for conducting due diligence in their own supply chains. Furthermore, the Copper Mark works with its auditees to establish corrective action plans to ensure continued development of a company’s due diligence management system.

Once companies have signed up to the Copper Mark, they have two years to pass the audit and the relevant corrective action plans. The Copper Mark ensures that a corrective action plan is put in place if any non-conformances have been identified. As per the Assurance process, a site has 12 months to close any findings. If any improvement plans have been agreed upon and have not been independently verified within 24 months of commencing with the Copper Mark will either be suspended or removed, depending on the nature of the non-conformance.

Interviews with stakeholders highlighted the value of the JDDS in giving assurance to companies throughout the supply chain. During the assessment period, it was well-noted among stakeholders that the Copper Mark supports its member companies in the implementation of the Programme with various tools and guidance.

Although the Programme was fully aligned at ‘Policies and Standards’ level, during implementation, gaps were identified for criteria A.7, and observations were made in relation to A.5 and A.10 but these did not affect the overall rating of the findings against the latter two criteria in the initial assessment:

- During two of the shadow audits attended, auditors did not press auditees sufficiently on policy and Annex II requirements. In one of the audits, there were no questions relating to the policy as this had been requested and reviewed by the auditor outside the time of the audit. At the second audit, the policy did not provide the level of detail required for an OECD/JDDS aligned policy, as there was only a brief reference to Annex II. During the audit, the auditor did not pick this up as a non-conformance, however, it was picked up by the Programme and added into the auditee's CAP. Additionally to the lack of sufficient scrutiny of coverage of Annex II risks, the same auditors also presented a lack of knowledge relating to the standard.

An example of this was at one site, the auditor not knowing what "toll agreements" were despite the Standard clearly stating in "Section 3.2 Materials in Scope" that all material received under toll agreements were in scope of the Standard. This lack of knowledge could potentially limit the auditors' ability to challenge potential risks. Relating back to the identified issue of auditor competence, one site, with no third-party suppliers who sourced from their own mine were asked extensively about their chain of custody and due diligence on non-mineral suppliers, which was out of scope of the assessment. Due to a lack of sector knowledge by the auditor, this led to tensions between the auditor and auditee thus affecting the audit. Additionally, the auditor held interviews with employees outside of their working hours which made the audit run over time and added to the frustrations of the auditee. It is important to note that the Copper Mark has held training with this specific audit firm to build their expertise. However, there was a pressing need for the Copper Mark to provide training that focused on soft skills.[3]

A consistent issue observed across various overarching criteria was the lack of emphasis on common understanding between auditees with multiple components (HQ and site levels) on matters crucial to the Guidance. For instance, in one site audit, on-the-ground assessments were carried out by the head office, with no involvement from the individual site. Auditors did not inquire about this arrangement or confirm whether the site was informed about the findings or outcome of these assessments. Moreover, while questions about ASM sourcing were posed at the HQ level, they were not addressed at the site level. It is vital for auditors to ensure that processes are in place to guarantee that all parties involved in sourcing share the same understanding of company expectations.[4]

The Joint Due Diligence Standard was reviewed following its initial "partially aligned" rating and addressed the gaps identified in A.7 by carrying out the following:

- Mandatory refresher training on the Joint Due Diligence Standard took place, with participants completing a quiz to test comprehension of the subject matter following the session. The training content was reviewed by Kumi prior to it being delivered. Kumi checked that the training covered the knowledge gaps that had been initially identified. Following the assessment, all participating assessors were required to complete a quiz. The questions were reviewed by Kumi. The Copper Mark held an online session in February 2024 which was attended by roughly 50 participants. Those who could not make it received a recording and quiz to be completed by 30 April 2024. The Copper Mark has been following up with assessors to ensure they participated in the mandatory training.
- Within the assessment, another area identified as warranting improvement was auditors' soft skills. To address this gap, the Copper Mark carried out training. Although this training does not relate to gaps explicitly identified in the Alignment Assessment tool, the Kumi team assessed that more training sessions on this topic were required for the Copper Mark to have more effective audits. Three training sessions were held but these were not recorded. Each session had around 140 participants invited, but the European session had around only 10 participants, the Australia/Asia session had around 15 and the Americas training session had around 50. Therefore, compared to the number of invitees, attendance was very low.
- Finally, a training session on copper and the copper industry to provide auditors with background industry knowledge following the gaps that were noted around the auditors' background knowledge in the initial assessment.

In the soft skills training session, although the content was good and addressed the issues previously highlighted in the implementation assessment, a continual issue was the lack of attendance and participation by auditors, particularly around the 'investigative skills' training which was also not recorded and therefore cannot be shared with those that did not attend.

[3] Criterion A.7 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)
[4] Criteria A.5 and A.10 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)

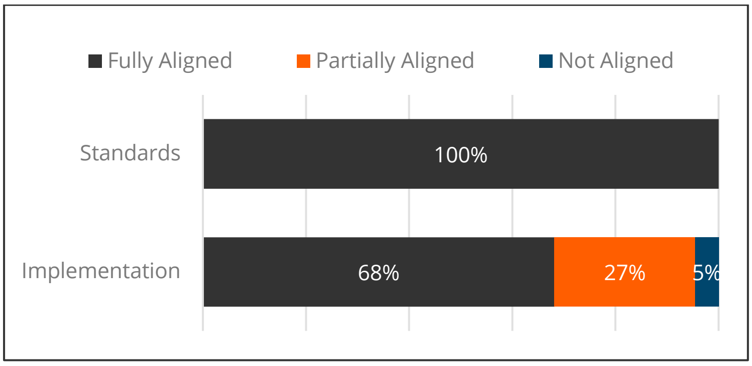
It is recommended that the Copper Mark continue to hold training sessions concerning soft skills and background knowledge of the copper industry to ensure that all auditors are captured. Considering the training that was held to address the gaps against the Standard and in the spirit of continual improvement, the assessors have given a final rating for this criterion as "fully aligned with recommendation" provided the LME continues to monitor the scheme.

To monitor this criterion on an ongoing basis, we recommend that the LME deliver shadow audits of trained auditors to check the effectiveness of the training and require the Copper Mark to hold additional training for those who did not attend.

Step 1 – Establish strong management systems

The requirements for companies to establish strong management systems are set out in Section A of the Assessment Tool evaluation criteria. As Figure 6 shows, most of the criteria evaluated for management system requirements are aligned with the OECD Guidance requirements, though it is noted that some gaps have been identified.

Figure 6. Joint Due Diligence Standards' score under Step 1: 'Establish strong management systems'



The Copper Mark requires JDDS auditees to establish strong company management systems, including:

- Adopting and publicly communicating a policy that sets out the principles and standards for conducting due diligence in its minerals supply chain.
- Communicating expectations to suppliers through contractual agreements and other transaction-level documents, such as purchase orders.
- Establishing internal management structures that support supply chain due diligence and assigned to senior staff with sufficient authority. Further, the Programme is clear that structures and resources should be relative to size, location, and circumstances of the company, and that the appropriate reporting mechanisms are in place to ensure senior management are kept informed of due diligence efforts in a robust and appropriate way.
- Ensuring auditees have strong internal processes in place related to traceability and visibility over the supply chain, risk management and mitigation, Know Your Counterparty (KYC), and other materially relevant processes.
- Establishing a grievance mechanism available to all relevant stakeholders that is relevant to the size and scope of the company (which can include recourse to industry Programme-managed mechanisms).

At a 'Policies and Standards' level, the Programme was found to be 'fully aligned' with all assessment criteria in this section. However, gaps were noted at the implementation level:

- At one assessment, the assessor noted that there was a lack of risk management information, which went unnoticed by the auditor.[5]
- It was generally noted that across audits during the reviews of organisational structure, organisational charts were reviewed to see how supply chain due diligence is managed. However, auditors focused on the existence of a structure than reviewing how information is passed on to employees and issues are escalated and dealt with.[6]

[5] Criterion B.3 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)
[6] Criterion B.6 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)

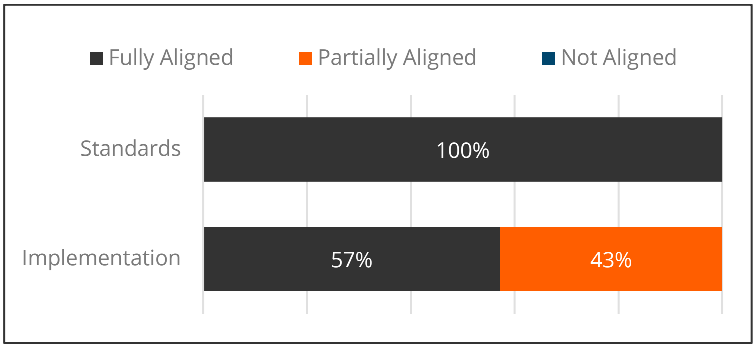
- A similar issue was highlighted under a different criterion relating to the disclosure of information to downstream purchasers. During the audit, the auditee provided the links to the reports that contained information on downstream purchasers but the auditor did not review them. Upon reviewing the audit reports, the auditor did not provide any insight into what was included, only links to the website. During the course of the audit, there were no other documents checked by auditors that related to this criterion. [7]
- No questions were observed to have been asked around cash transactions, perhaps unsurprisingly as in the initial version of the Standard this was not included (this has since been rectified). The assesor notes previous feedback from the Copper Mark that in this sector it is not considered by Copper Mark to be a relevant risk, but recommends that the question should be asked and auditors informed it has been included in the JDDS.[8]
- Despite an auditee integrating business partner code of conduct into its supplier contracts, it was noted by the assessor that the document did not contain information on Annex II risks that was in line with the requirements of the JDDS. The auditor did not pick up on this issue.[9]
- Similarly, there was a lack of questions observed around the design of measurable improvement plans with suppliers that involved external stakeholders. The primary focus was centered on improvement plans exclusively within the context of suppliers, with no attention given to external stakeholders. It is recommended the Copper Mark remind auditors of the requirements to design plans with external stakeholders.[10]

[7] Criterion B.13 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)
[8] Criterion B.16 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)
[9] Criterion B.24 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)
[10] Criterion B.27 the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)

Step 2 – Identify and assess risks in the supply chain

Figure 7 illustrates the Alignment Assessment rating for the risk assessment requirements for companies under the Programme. The assessor's review of the Programme which included the JDDS and supporting documentation, together with interviews held with Programme management, provide evidence that there is a detailed understanding within the Programme of the requirements for assessing risks as required by the OECD Guidance.

Figure 7. Joint Due Diligence Standards' score under Step 2: Identify and assess risks in the supply chain



For Step 2 under 'Policies and Standards', the Programme was found to be aligned with the relevant criteria of the Alignment Assessment. The Programme requires companies to map the factual circumstances of their supply chains and undertake further risk assessments such as on-the-ground assessments to gather further information.

Another area found to be fully aligned relating to companies undertaking on-the-ground assessments by suitably qualified personnel. Where companies were found to be not doing this at an implementation level, auditors were observed to press the issue and highlight it as a non-conformance within the final audit report.

However, a specific issue was observed regarding companies with both headquarters and multiple sites (e.g., refineries) that sometimes conduct portions of their own due diligence. While auditors effectively challenged sites on their on-the-ground assessments, there was confusion regarding how they assessed on-the-ground assessments for companies with headquarters and multiple sites. Auditors did not always know how to evaluate these complex organisational structures and the guidance did not appear clear to them. This was especially compounded when different auditors did an HQ assessment and others delivered the site-level assessments.

On an implementation level, the following gaps were identified:

- At one observed audit, in addition to making sure the company had a management system that identified risks on all suppliers, the auditor checked the physical layout as well as all relevant documents to ensure no materials could enter the manufacturing process through parallel channels outside the scope of the management system. This was not done at another observed site audit of a similar type of site. At the second site, the auditor did not seek assurance that there were adequate controls to prevent materials from entering the supply chain without appropriate due diligence. At this same audit, the auditor did not understand the concept of 'toll agreements' by smelters, and consequently, important aspects of the auditee's supply chain were not assessed as they should have been per Programme requirements.[11]

[11] Criterion B.32 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)

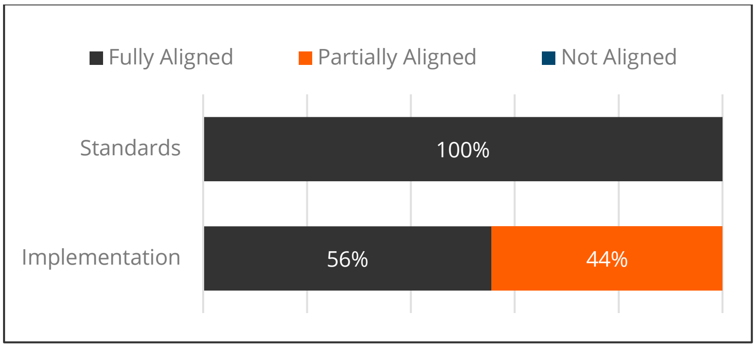
- As mentioned within the overarching criteria, it was observed that auditors took a different approach to auditee information, resulting in different audit outcomes. For example, two of the observed auditees presented the same CAHRA determination tool to their auditor. At one audit, the existence of this tool was accepted without question by the auditor as being an effective procedure, whilst at the other audit, the auditor wanted to understand how the auditee used the information from the tool to inform their decisions. This highlighted to the assessor that there was varying auditor quality between the assessments. The assessor recommends that if CAHRA tools are used that the auditees ensure that they understand them and their decision-making processes using that information can be adequately explained to the auditor. Further, auditors should not be accepting a process without checking that implementation is effective, which was observed in particular during the remote management systems audit of one site.[12]

[12] Criteria B.33 and B.39 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)

Step 3 – Design and implement a strategy to respond to identified risks

Figure 8 shows the Alignment Assessment rating for companies' requirements to design and implement a risk management strategy.

Figure 8. Joint Due Diligence Standards' score under Step 3: Design and implement a strategy to respond to identified risks



On 'Policies and Standards,' the Programme was largely aligned with the Step 3 criteria, with strengths noted around managing identified risks.

Despite this, on an implementation level, several gaps were identified:

- Concerning risk mitigation information that is reported to senior management, there were inconsistencies in how this was addressed by different auditors. In one audit, the auditor inquired about the frequency of senior management reviews of due diligence information. The auditee responded that it depended on the risk category. The auditor did not have any additional questions to delve deeper into this response, nor was there a follow-up question to clarify whether this applied specifically to Annex II risks.[13]
- Where applicable, auditors were observed to ask the auditee's approach to managing risks, which aligned with the Programme guidance. However, inconsistencies were observed in auditors' challenge over this aspect of due diligence. For example, at one of the observed audits the auditor had identified that the auditee had no process for undertaking on-the-ground assessments as part of supplier due diligence. This auditee first reported to the auditor that in the case where suppliers did not provide adequate due diligence documentation, it would undertake site-based due diligence of the supplier (despite having previously admitted there were no processes to do so) before confirming that it would simply disengage from the supplier. This was not picked up by the auditor and could potentially lead to de-risking in the auditees current system, which is against the spirit of the JDDS and OECD guidance.[14]
- There was a lack of questioning from auditors around the frequency of reviewing risk management plans.[15] Similarly, gaps were highlighted concerning auditors lack of understanding how senior management dealt with issues. Emphasis was placed on whether information was escalated.[16]
- As previously noted, auditors did not sufficiently inquire about whether auditees with both on-site and headquarters (HQ) due diligence teams shared the necessary common understanding as mandated by the management system. Within Step 3, this was evident when reviewing whether there was ongoing risk monitoring undertaken.[17]

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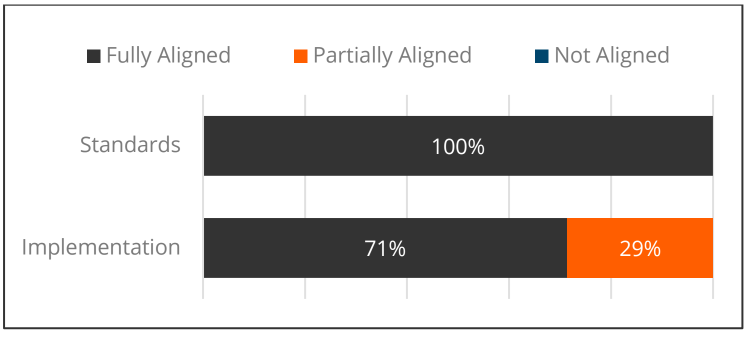
[13] Criterion B.49 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)
[14] Criterion B.52 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)
[15] Criterion B.54 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)
[16] Criterion B.56 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)
[17] Criterion B.61 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)

Step 4 – Carry out an independent audit

Figure 9 illustrates the Alignment Assessment rating for the criteria related to independent audits. As shown in the chart, the JDDS was found to be fully aligned under 'Policies and Standards' however, gaps were noted in implementation. It is worth noting that the assessment criteria for Step 4 are focused on the audit process, not the content of the audit, which is addressed by Steps 1 to 3 above.

Figure 9. Joint Due Diligence Standards' score under Step 4: Carry out an independent audit



The JDDS is the independent third-party audit programme for the identified points in the supply chain across multiple metals in the industry. It, therefore, meets the assessment criteria that relate to the establishment of such a programme. To be recognised as a compliant smelter or refiner, auditees must pass an independent third-party audit managed by the Copper Mark.

The audit activities themselves cover all key methodological requirements of an audit of this nature, including document reviews, on-site investigations, and risk-based sampling of due diligence data. Further, the Programme requires that auditees facilitate access to relevant sites, documentation and employees as part of this process, and the sites are assessed against these criteria.

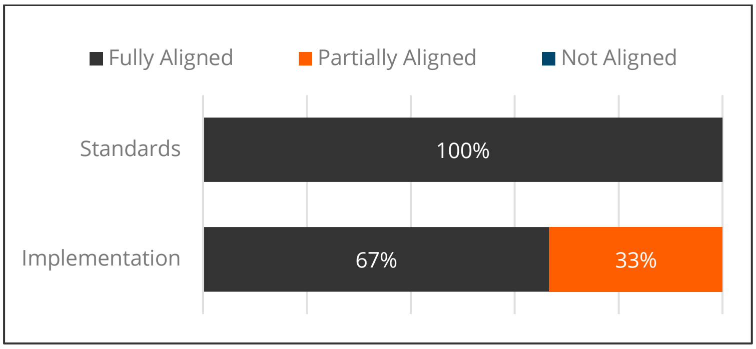
The main challenge identified was the inconsistency in auditor approach and subject matter knowledge. One of the observed audits was conducted by an experienced auditor who brought knowledge of the industry and Programme. Whereas in the other audits, there were instances that exposed the lack of industry or Programme knowledge. As highlighted in steps 1-3, there were multiple issues observed related to variable auditor competencies.[18]

[18] Criterion B.67 of the Joint Due Diligence Standard Alignment Assessment Tool (Implementation only)

Step 5 – Report on supply chain due diligence

Figure 10 illustrates the Alignment Assessment rating for companies to report on supply chain due diligence.

Figure 10. Joint Due Diligence Standards' score under Step 5: Report on supply chain due diligence



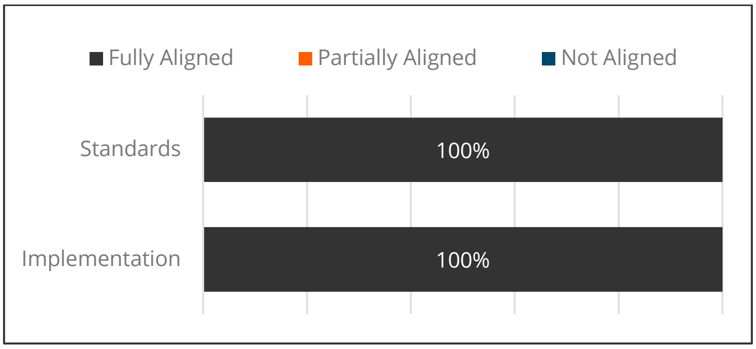
The JDDS requires companies to annually report, or integrate into annual sustainability or corporate responsibility reports, information on supply chain due diligence. Generally, auditors were observed to review whether Step 5 reports included the necessary disclosures in line with the Programme, i.e., integration of risk mitigation. Auditors highlighted within the audit reports whether the auditees fulfil all of the necessary requirements.

However, in addition to attending the shadow audits, the assessor carried out analysis on 10 random Copper Mark sites' due diligence reports to assess whether their Step 5 reports were meeting the required expectations of the OECD and JDDS. Out of 10 sites, 7 were not including the appropriate Step 5 information (specifically on risks identified and risk mitigation actions).

Specific responsibilities of programmes

Figure 11 illustrates the Alignment Assessment rating related to the specific responsibilities of programme under the Copper Mark. As shown in the chart, most of the criteria are fully aligned.

Figure 11. Joint Due Diligence Standards' score under Specific responsibilities of programmes

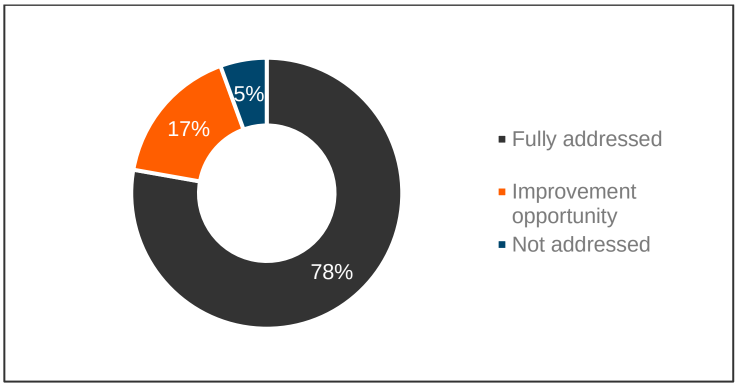


The JDDS and the Copper Mark, as the industry Programme that sets its Standards, have demonstrated a strong commitment to the advancement of responsible sourcing practices through their assurance process. Within its own practices, the Copper Mark has implemented several steps to align to the principles set out in the OECD Guidance. This includes:

- The Copper Mark uses its Business Integrity Policy and Due Diligence Checklist to complete a check for sanctions, legal, and other issues on all sites that wish to participate in the programme.
- The Copper Mark has developed a number of relevant training materials, with others in development, and was able to provide a recording of a training which occurred in January 2021 in Canada. The full scope of training is captured in their Training and Guidance plan.
- The Copper Mark has a grievance mechanism which allows stakeholders to raise concerns and it has established processes to investigate the grievances.
- The Programme has developed audit standards and assesses auditor competence in relation to supply chain due diligence.

Governance

Figure 12. Joint Due Diligence Standards' score under Governance



Although the Copper Mark is a relatively young industry organisation, it is managed by a team with significant expertise in the industry. It therefore has well-established governance approaches and processes that it has transferred to its management of the Programme.

This includes:

- The involvement of external stakeholders in the development and oversight of its standards, and regularly reviewing them.
- The Copper Mark has a well-documented attendance at public forums where it discusses the role of the programme in the wider industry.
- The Copper Mark has a grievance mechanism. If a grievance is raised it is report to the board, investigated to establish the facts, a summary of the allegation is prepared and then a recommended course of action is agreed upon. The Copper Mark also makes sure that any relevant corrective action is implemented. The process is then reviewed by a board member and all parties are notified and are invited to feedback or even appeal against a decision.
- The Copper Mark has published audit processes that follow established norms, with clear qualification requirements for auditors, complemented by internal training. However, in practice, there were issues around auditor competence noted and further training required.
- Public and relatively comprehensive reporting by compliant certified entities.
- The Copper Mark has developed a framework that supports its 'Theory of Change' which puts into practice the requirements to meet its short term and long-term goals. Its goals are interwoven with its requirement to positively contribute to the industry.

However, some areas for improvement were identified:

- Currently, there is no other industry standard formally cross-recognised by the Copper Mark, management noted that if required, they would take a pragmatic approach. However, when speaking with stakeholders and auditees, it is definitely of concern to them.
- There was no internal documentation of how the Copper Mark reaches its conclusions about its members.
- Further information is required on what would dictate a major/minor finding for auditors when relating to non-conformances.

Annex 1. Alignment assessment criteria and results

The table below provides a complete overview of applicable criteria and results per criteria.

Table 1. Alignment assessment criteria and results

A	Overarching due diligence principles within Programme standards and guidance	RATING	Rating for policies and standards	Rating for Implementation
	Due diligence is an on-going, proactive and reactive process			
A.1	The Programme explicitly recognises due diligence as an ongoing process to be undertaken by companies.	Fully Aligned	Fully Aligned	Fully Aligned
A.2	The Programme expects companies to proactively carry out due diligence and to react to changes of circumstances and risks in the supply chain.	Fully Aligned	Fully Aligned	Fully Aligned
	Due diligence is dynamic and improves over time			
A.3	If a programme chooses to make a final determination on a company or its products, such determination should be based on the conformity of the companies' due diligence or sourcing practices with the OECD due diligence guidance.	Fully Aligned	Fully Aligned	Fully Aligned
A.4	The Programme expects companies to progressively improve their due diligence activities and risk management performance over time.	Fully Aligned	Fully Aligned	Fully Aligned
A.5	The Programme encourages companies to source responsibly from conflict-affected or high-risk areas and, where relevant, from artisanal and small-scale mineral producers.	Fully Aligned	Fully Aligned	Fully Aligned
	Due diligence is risk-based			
A.6	The Programme expects companies' due diligence activities to be guided by their *own* risk assessments.	Fully Aligned	Fully Aligned	Fully Aligned
A.7	The Programme expects companies' due diligence activities to consider at least all risks covered in Annex II (serious abuses associated with the extraction, transport or trade of minerals, direct or indirect support to non-state armed groups, public or	Fully Aligned	Fully Aligned	Fully Aligned

	private security forces, bribery and fraudulent misrepresentation of the origin of minerals, money laundering, payment of taxes, fees and royalties due to governments and bribery).			
A.8	The programme expects that the measures that a company takes to conduct due diligence should be commensurate to the severity and likelihood of the identified risks.	Fully Aligned	Fully Aligned	Fully Aligned
A.9	The programme includes in the definition of red flags considerations of location of mineral origin and transit, supplier characteristics and trade-related circumstances.	Fully Aligned	Fully Aligned	Fully Aligned
A.10	The Programme expects that due diligence activities on red-flagged supply chains should involve on-the-ground assessments, to be undertaken by upstream companies. Upstream companies may cooperate through joint initiatives but retain individual responsibility for their due diligence and should ensure that all joint work duly takes into consideration circumstances specific to the individual company.	Fully Aligned	Fully Aligned	Fully Aligned
	Due diligence is undertaken in good faith			
A.11	The Programme explicitly recognizes that companies should use good faith and reasonable efforts in their due diligence, taking into account factors such as the size of the enterprise, the location of the activities, the situation in a particular country, the sector and nature of the products or services involved.	Fully Aligned	Fully Aligned	Fully Aligned
	Companies are responsible for ensuring that appropriate due diligence is undertaken			
A.12	Responsibility for determining the actions that a company undertakes in response to identified risks rests with the company's management.	Fully Aligned	Fully Aligned	Fully Aligned
A.13	The Programme states clearly that the use of Industry Programmes, Institutionalised Mechanisms or multi-stakeholder initiatives does not release companies from being responsible for the scope and quality of due diligence in their own supply chains and for reporting on the due diligence that is undertaken in their supply chains.	Fully Aligned	Fully Aligned	Fully Aligned
	Due diligence is global in scope			
A.14	Due diligence should be global in scope unless a programme is designed to cover a specific geography or region only. In particular any programme designed to implement step 4 should be global in scope.	Fully Aligned	Fully Aligned	Fully Aligned
B	**Alignment of Programme requirements with the five-step due diligence framework**			
	Step 1: Establish strong company management systems			
	Requirements set by Programmes for those companies subject to audit under the Programme:			
B.1	Adopt, and clearly communicate to suppliers and the public, a policy, applicable to the company and its suppliers, providing the principles and standards for identifying and managing the risks in the supply chain of minerals potentially from conflict-affected or high risk areas, against which the company will assess itself and the activities and relationships of suppliers.	Fully Aligned	Fully Aligned	Fully Aligned

B.2	Ensure that the supply chain policy is consistent with the standards provided in Annex II of the Guidance.	Fully Aligned	Fully Aligned	Fully Aligned
B.3	Within the supply chain policy, set out a clear and coherent management process for risk management. Commit to the due diligence steps as described in Annex I and, where relevant, the Supplement.	Partially Aligned	Fully Aligned	Partially Aligned
B.4	Structure internal management to support supply chain due diligence and assign authority and responsibility to senior staff with the necessary competence, knowledge and experience to oversee supply chain due diligence.	Fully Aligned	Fully Aligned	Fully Aligned
B.5	Ensure that sufficient resources are made available to support the operation and monitoring of supply chain due diligence processes, taking into account company size, location and circumstances.	Fully Aligned	Fully Aligned	Fully Aligned
B.6	Establish the necessary organisational structure and communication processes that will ensure critical information about supply chain due diligence, including the company's policy, reaches relevant employees and suppliers.	Partially Aligned	Fully Aligned	Partially Aligned
B.7	Assist suppliers in building due diligence capacities and provide training as appropriate to employees and suppliers on the policy and its practical application.	Fully Aligned	Fully Aligned	Fully Aligned
B.8	Ensure internal accountability with respect to the implementation of the supply chain due diligence process.	Fully Aligned	Fully Aligned	Fully Aligned
B.9	Establish a system of controls and transparency over the mineral supply chain, including a chain of custody or traceability system or the identification of upstream actors in the supply chain. Create and maintain internal documentation and records of supply chain due diligence processes, findings and resulting decisions.	Fully Aligned	Fully Aligned	Fully Aligned
B.10	*For all upstream companies*: Support the implementation of the principles and criteria of the Extractive Industry Transparency Initiative (EITI).	Fully Aligned	Fully Aligned	Fully Aligned
B.11	*For local mineral exporters*: Collect and disclose information on taxes/payments and details of mineral origin and transportation as set out in the 3T Supplement (taking account of business confidentiality and competitive concerns).	Fully Aligned	Fully Aligned	Fully Aligned
B.12	*For international concentrate traders, mineral reprocessors and smelters/refiners:* Incorporate disclosure requirements into commercial contracts and contractually require local exporters to provide the taxes/payments and origin information set out in the Supplements (information can be disclosed to and held by an Institutionalised Mechanism with a mandate to collect and process information on minerals from conflict-affected and high-risk areas).	Fully Aligned	Fully Aligned	Fully Aligned
B.13	*For international concentrate traders and mineral reprocessors:* Collect and disclose to downstream purchasers and relevant Institutionalised Mechanisms all export, import and re-export documentation including records of all taxes and any other payments made to public or private security forces or other armed groups, the identification of local exporters and the information provided by local exporters (information can be disclosed to and held by an Institutionalised Mechanism with a mandate to collect and process information on minerals from conflict-affected and high risk areas).	Partially Aligned	Fully Aligned	Partially Aligned
B.14	*For all upstream companies:* For minerals from a red-flagged location generate, on a disaggregated basis, information on taxes/payments and details of mineral origin and transportation as set out in the 3T Supplement. Make this information available to downstream purchasers and relevant Institutionalised Mechanisms (information can be disclosed to and held by an Institutionalised Mechanism with a mandate to collect and process information on minerals from conflict-affected and high-risk areas).	Partially Aligned	Fully Aligned	Partially Aligned

B.15	*For all downstream companies*: Introduce a supply chain transparency system that allows the identification of smelters/refiners in the mineral supply chain and, for minerals from red-flagged locations, provides the identification of all countries of origin, transport and transit for the minerals in the supply chains of each smelter/refiner.	N/A	N/A	N/A
B.16	*For all upstream companies:* Avoid cash transactions were practicable and ensure cash transactions are supported by verifiable information.	Partially Aligned	Fully Aligned	Not aligned
B.17	Assign a unique reference number to each input and output and adopt tamper proof physical security measures as set out in the Gold Supplement.	N/A	N/A	N/A
B.18	*For gold exporters, recyclers and traders*: Seek to deal directly with legitimate ASM producers or their representatives where possible.	N/A	N/A	N/A
B.19	*For gold exporters, recyclers, traders and refiners*: Inspect all shipments for conformity to the information provided by the supplier on the type of gold, weight and quality. Report any inconsistency to management responsible for due diligence, with no further action taken until the inconsistency is resolved, and physically segregate and secure any shipments with unresolved inconsistencies.	N/A	N/A	N/A
B.20	Maintain inventory and transaction documentation that can be retrieved and should include the physical descriptions set out in the Gold Supplement, supplier details including KYC information and unique references for processing, purchases and sales.	N/A	N/A	N/A
B.21	Cooperate fully and transparently with law enforcement agencies regarding gold transactions. Provide customs officials with access to complete information on all international shipments.	N/A	N/A	N/A
B.22	Maintain due diligence information for a minimum of five years, preferably on a computerised database. For 3T supply chains, smelters/refiners and downstream purchasers should also make due diligence information available to downstream purchasers and relevant Institutionalised Mechanisms.	Fully Aligned	Fully Aligned	Fully Aligned
B.23	Aim to establish long-term relationships with suppliers in order to build responsible sourcing relationships with them.	Fully Aligned	Fully Aligned	Fully Aligned
B.24	Communicate to suppliers the company's expectation that suppliers will undertake mineral supply chain due diligence and risk management consistent with the standards defined in Annex II of the Guidance.	Partially Aligned	Fully Aligned	Partially Aligned
B.25	Incorporate the company's supply chain policy into contracts or written agreements with suppliers which can be applied and monitored.	Fully Aligned	Fully Aligned	Fully Aligned
B.26	Seek to support and build capacities of suppliers to improve risk management performance and comply with the company's supply chain policy.	Fully Aligned	Fully Aligned	Fully Aligned
B.27	Commit to designing measurable improvement plans with suppliers, involving external stakeholders such as government or civil society as appropriate.	Partially Aligned	Fully Aligned	Partially Aligned
B.28	Establish a grievance mechanism that enables any affected stakeholders or whistle-blowers to voice concerns regarding the circumstances of extraction, trade, handling and export of minerals. The grievance mechanism may be provided directly, through collaboration with other companies, or through an industry programme or institutionalised mechanism.	Fully Aligned	Fully Aligned	Fully Aligned
B.29	Bullion banks should maintain inventories in such a way that gold from refineries with due diligence practices verified to be consistent with the Guidance can be identified and provided to downstream companies.	N/A	N/A	N/A

B.30	Downstream companies should request suppliers to identify the gold refiners in the supply chain and provide verification that the refiner(s) has conducted due diligence in accordance with the Guidance.	N/A	N/A	N/A
	Step 2: Identify and assess risks in the supply chain			
	Requirements set by Programmes for those companies subject to audit under the Programme:			
B.31	Identify risks in supply chains taking into consideration that the scope of the risk assessment will depend on the position in the supply chain (e.g., upstream, downstream).	Fully Aligned	Fully Aligned	Fully Aligned
B.32	Ensure that the scope of risk identification and assessment extends to all of the risks set out in Annex II and the recommendations in the Due Diligence Guidance.	Partially Aligned	Fully Aligned	Partially Aligned
B.33	Identify and assess whether the locations of mineral origin and transit, the nature of suppliers or the circumstances within the supply chain may trigger 'red flags' as defined by their policy and the relevant Supplement of the Guidance.	Partially Aligned	Fully Aligned	Partially Aligned
B.34	*For local exporters, recyclers, traders and refiners*: Using reasonable and good faith efforts and steps proportional to risk, determine whether gold is mined gold, recyclable gold or grandfathered stocks as set out in the gold supplement.	N/A	N/A	N/A
B.35	*For gold producers:* Determine whether upstream gold producers also purchase gold (including ASM gold) and, through the steps described in the Supplement, determine whether this may trigger 'red flags'.	N/A	N/A	N/A
B.36	*For all upstream companies:* Map the factual circumstances of the supply chain, including the origin of minerals and the activities/relationships of suppliers.	Fully Aligned	Fully Aligned	Fully Aligned
B.37	For gold mined by or purchased from medium and large-scale mining operations determine risk through evidence gathered with reference to the criteria set out in the Supplement.	N/A	N/A	N/A
B.38	For ASM gold mined by ASM mining enterprises in red-flagged operations or purchased by medium and large-scale mining companies, determine risk through evidence gathered with reference to the criteria set out in the Supplement.	N/A	N/A	N/A
B.39	*For all upstream companies:* Undertake an in-depth review of the context of all red-flagged locations and the due diligence practices of any red-flagged suppliers, covering all of the aspects referenced in the Supplements.	Partially Aligned	Fully Aligned	Partially Aligned
B.40	*For all upstream companies:* Undertake on-the-ground assessments, performed by suitably qualified and independent assessors, of red-flagged sources of mined minerals. Provide this information to downstream companies in the supply chain.	Fully Aligned	Fully Aligned	Fully Aligned
B.41	For mined gold, obtain evidence of the factual circumstances of gold extraction, trade, handling and export, having regard to the differences between LSM and ASM gold and the relevant criteria for each provided in the Supplement.	N/A	N/A	N/A
B.42	For recyclable gold, collect additional information from red flagged supply chains, prioritising higher risk persons, places and transactions with regard to the risk factors and testing activities described in the Supplement.	N/A	N/A	N/A
B.43	*For downstream companies*: Use best efforts to identify the smelters/refiners in their supply chains.	N/A	N/A	N/A

B.44	*For downstream companies*: Obtain from smelters/refiners in their supply chains details of countries of mineral origin, transit and transportation routes from the mine to the smelter/refiner.	N/A	N/A	N/A
B.45	*For downstream companies*: Determine whether refiners have, or reasonably should have, identified red flags in their supply chain.	N/A	N/A	N/A
B.46	*For downstream companies*: Obtain evidence on the due diligence practices of the smelter/refiner, including information generated from on the ground assessments, and review this against the due diligence processes of the Guidance	N/A	N/A	N/A
B.47	*For downstream companies*: Where necessary, undertake spot checks at the smelter/refiner's facilities.	N/A	N/A	N/A
B.48	Assess risks against the requirements of the company's supply chain policy (consistent with Annex II), the relevant Supplement of the Guidance, national laws and other relevant legal instruments. Any reasonable inconsistency between these requirements and the information obtained through due diligence should constitute a risk.	Fully Aligned	Fully Aligned	Fully Aligned
	Step 3: Design and implement a strategy to respond to identified risks			
	Requirements set by Programmes for those companies subject to audit under the Programme:			
B.49	Report findings of risk assessment to designated senior management, outlining the information gathered and the actual and potential risks identified in the supply chain risk assessment.	Partially Aligned	Fully Aligned	Partially Aligned
B.50	Enhance engagement with suppliers and strengthen internal controls, having regard to the specific measures for upstream and downstream companies provided in the Supplement.	N/A	N/A	N/A
B.51	*For downstream companies*: Companies that have been unable to identify refiners in their supply chain(s) should devise a risk management plan that will enable them to demonstrate significant measurable improvement in doing so.	N/A	N/A	N/A
B.52	Manage the identified risks by either: (i) continuing to trade but with measurable risk mitigation, (ii) temporarily suspending trade while mitigation is put in place, or (iii) ceasing trade with the relevant supplier. In doing so have regard to the specific recommendations of the relevant Supplements.	Partially Aligned	Fully Aligned	Partially Aligned
B.53	*For downstream companies*: Companies should take immediate steps to disengage with a refiner if the refiner has not immediately suspended or discontinued engagement with its suppliers where reasonable risks of serious abuses or direct or indirect support to non-state armed groups exist.	N/A	N/A	N/A
B.54	Measurable risk mitigation should result in significant and measurable improvement towards eliminating the identified risks, other than serious abuses, within six months from the adoption of the risk management plan. If there no such measurable improvement within six months, companies should suspend or discontinue engagement with the supplier for a minimum of three months.	Partially Aligned	Fully Aligned	Partially Aligned
B.55	Build and/or exercise leverage over the actors in the supply chain who can most effectively and most directly prevent and mitigate the risks of adverse impacts.	Fully Aligned	Fully Aligned	Fully Aligned
B.56	Consult with suppliers and affected stakeholders to agree on the strategy for measurable risk mitigation in the risk management plan.	Fully Aligned	Fully Aligned	Fully Aligned

B.57	*For upstream companies*: Publish the supply chain risk assessment and the supply chain management plan, with due regard to business confidentiality and other competitive concerns, and make them available to external stakeholders as set out in the relevant Supplement.	Fully Aligned	Fully Aligned	Fully Aligned
B.58	*For upstream companies*: Gold producers with red flagged operations and other upstream companies sourcing ASM gold should assist and enable legitimate ASM producers to build supply chains consistent with the Guidance.	N/A	N/A	N/A
B.59	Implement the risk management plan, monitor risk mitigation and report performance to designated senior management, and consider suspending or discontinuing trade with a supplier after failed attempts at mitigation.	Fully Aligned	Fully Aligned	Fully Aligned
B.60	*For upstream companies*: Implement, monitor and track performance of risk mitigation in cooperation/consultation with local and central authorities and other relevant stakeholders. Consider establishing or supporting community-based networks to monitor risk mitigation.	Fully Aligned	Fully Aligned	Fully Aligned
B.61	Maintain ongoing risk monitoring, evaluate the effectiveness of risk mitigation efforts and undertake additional fact and risk assessments as required, for example following changes to the supply chain.	Partially Aligned	Fully Aligned	Partially Aligned
	Step 4: Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain			
	Requirements set by Programmes for those companies subject to audit under the Programme:			
B.62	Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain.	Fully Aligned	Fully Aligned	Fully Aligned
B.63	Facilitate auditor access to company sites, documentation, records and, as appropriate, access to suppliers and other relevant stakeholders, such as on-the-ground assessment teams.	Fully Aligned	Fully Aligned	Fully Aligned
	Requirements that Programmes set for auditors			
B.64	Audit scope covers all of the smelter/refiner's business activities and management processes related to mineral supply chain due diligence.	Fully Aligned	Fully Aligned	Fully Aligned
B.65	The audit criteria assess the conformity of the smelter/refiner's due diligence practices against the requirements of a standard based on the Guidance.	Fully Aligned	Fully Aligned	Fully Aligned
B.66	Auditors are required to be independent of the smelter/refiner and its supply chain, both with respect to business or financial relationships and with any services provided to the auditee company or its supply chain relating to due diligence practices.	Fully Aligned	Fully Aligned	Fully Aligned
B.67	Auditors should be technically competent with appropriate mineral supply chain knowledge, as described in the Supplements.	Partially Aligned	Fully Aligned	Partially Aligned
B.68	Audit activities should include audit preparation, document review, in-site investigations, risk-based sampling of due diligence records and data, and audit conclusions, as described in the Guidance.	Partially Aligned	Fully Aligned	Partially Aligned

	Step 5: Report on supply chain due diligence			
	Requirements set by Programmes for those companies subject to audit under the Programme:			
B.69	Annually report, or integrate into annual sustainability or corporate responsibility reports, information on supply chain due diligence.	Fully Aligned	Fully Aligned	Fully Aligned
B.70	*For all upstream companies (including smelters/refiners)*: The report should describe the company's management systems, the methodology and results of the risk assessment and the steps taken to manage risks, consistent with the specific content described in the Guidance. The report should be published.	Partially Aligned	Fully Aligned	Partially Aligned
B.71	*For smelters/refiners*: The audit reports should be published.	Fully Aligned	Fully Aligned	Fully Aligned
B.72	*For gold refiners*: In addition to reporting on management systems, risk assessment and risk management as defined in the Supplement, refiners should publish the summary audit reports including details of audit dates, activities, methodology and conclusions (either directly or through cooperation with an Industry Programme or Institutionalised Mechanism).	N/A	N/A	N/A
[redacted]				
C	**Specific responsibilities of Programmes**			
	Step 1: Establish strong company management systems			
C.1	Undertake due diligence on the ownership (including beneficial ownership) and corporate structure of refiners/smelters seeking accreditation/certification or membership status under the Programme.	Fully Aligned	Fully Aligned	Fully Aligned
C.2	Provide training to companies and/or their suppliers on due diligence management systems and processes.	Fully Aligned	Fully Aligned	Fully Aligned
C.3	Programmes that provide support for downstream companies should collect and process information from suppliers, including smelters/refiners, on due diligence in the supply chains of minerals from conflict-affected or high risk areas.	N/A	N/A	N/A
C.4	Provide or facilitate access to a grievance mechanism that allows any impacted stakeholder to voice concerns relating to the extraction and supply chain activities of the relevant mineral(s) covered by the Programme.	Fully Aligned	Fully Aligned	Fully Aligned
	Step 2: Identify and assess risks in the supply chain			
C.5	Support companies sourcing minerals from red flagged operations in establishing on-the-ground assessment teams with appropriate capabilities and access rights as set out in the Guidance.	Fully Aligned	Fully Aligned	Fully Aligned

	Step 3: Design and implement a strategy to respond to identified risks			
C.6	Demonstrate an understanding, gained through some form of impact analysis or qualitative or quantitative evaluation, of the social and economic impacts that the Programme's requirements may have on developing countries and the Programme's relevance to or linkages with other existing internationally recognised standards.	N/A	N/A	N/A
	Step 4: Carry out independent third party audit of supply chain due diligence at identified points in the supply chain			
C.7	Draft Audit Standards in accordance with the recommendations of the Guidance.	N/A	N/A	N/A
C.8	Accredit the auditors who may perform audits under the Programme.	Fully Aligned	Fully Aligned	Fully Aligned
C.9	Oversee, periodically review and monitor the ability of auditors to carry out audits in conformity with the Programme's requirements, based on the objectives, scope and criteria of the audit and judged against audit programme records.	Fully Aligned	Fully Aligned	Fully Aligned

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