



# The Copper Mark Due Diligence Procedure

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## 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 [Policy on Human Rights and the Environment](#).

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

- The Copper Mark Policy on Human Rights and the Environment
- 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 and its own operations, ensuring compliance with the highest standards of ethical business conduct.

All business partners of the Copper Mark, including participants, sites utilizing the Copper Mark Assurance Process, vendors, assessors, as well as the parent companies of participating sites and partner organizations. This ensures a comprehensive approach to due diligence across the all areas of the business.

The DD Procedure addresses a broad range of impacts to ensure responsible business practices and risk mitigation, including:

- **Social Impacts** (e.g., human rights, labor rights, community impacts)
- **Environmental Impacts** (e.g., resource management, biodiversity, climate change)
- **Governance and Ethical Business Practices** (e.g., anti-corruption, corporate governance, transparency)
- **Reputational and Political Risks** (e.g., public perception, geopolitical factors)
- **Health and Safety Impacts** (e.g., occupational safety, public health)
- **Technological and Innovation Risks** (e.g., data security, technological advancements)

These categories represent a holistic framework for identifying, assessing, and mitigating the key risks associated with the Copper Mark's operations and business relationships, in line with best practices for due diligence and sustainability.

The Executive Director is responsible for the implementation of the DD Procedure.

### 3 Risk Matrix

The Copper Mark Risk Matrix defines risk levels taking into account:

- **Likelihood:** The probability of the risk event occurring.
- **Consequences:** The potential outcomes or severity of the risk event.

Risk levels are determined based on the combination of these two factors as presented in the matrix in Figure 1.

Figure 1: Risk Matrix

Likelihood	Consequences				
	1-Insignificant	2-Minor	3-Moderate	4-Major	5-Severe
5-Almost certain	Low	Moderate	High	Extreme	Extreme
4-Likely	Low	Moderate	High	High	Extreme
3-Possible	Low	Moderate	Moderate	High	High
2-Unlikely	Low	Low	Moderate	Moderate	High
1-Rare	Low	Low	Low	Moderate	Moderate

#### 3.1 Definition of the Grading Matrix:

##### Likelihood

Grading	Definition
Rare (1)	Less than a 5% probability of occurrence. This event is highly unlikely, occurring only in exceptional circumstances or approximately once every 10 years.
Unlikely (2)	A 5% to 20% probability of occurrence. This event is not expected but could happen under unusual conditions, roughly once every 5 to 10 years.
Possible (3)	A 20% to 50% probability of occurrence. This event might occur under normal conditions, happening about once every 3 to 5 years.
Likely (4):	A 50% to 80% probability of occurrence. This event is expected to occur at some point, typically once every 1 to 3 years.
Almost Certain (5)	More than an 80% probability of occurrence. This event is highly likely and may happen multiple times per year

##### Consequences

Each consequence level considers double materiality, meaning it reflects not only the impact on the organization’s objectives but also potential adverse effects on people and the environment. Impacts on both internal business operations and external stakeholders are assessed to understand full risk exposure and broader social and environmental responsibility.

Grading	Definition
Insignificant (1)	No noticeable impact on strategic or operational objectives. Any adverse impacts on people or the environment are negligible.
Minor (2)	Limited compliance or operational gaps that require minimal attention and resources. Minimal adverse impacts on people or the environment.
Moderate (3)	A notable impact that affects specific areas of the business. Adverse impacts on a limited number of people or minor environmental impacts.
Major (4):	Significant operational or reputational consequences that may hinder key objectives. Adverse impacts on people or the environment are substantial, affecting a larger number of people.
Severe (5)	Critical impact on business continuity, severely jeopardizing strategic goals, reputation, or regulatory standing. Significant, irreversable, harm to people or the environment

### 3.2 Responsibilities and Action

**The Copper Mark Team** is responsible for managing low- to medium-level risks that do not significantly impact strategic or operational objectives. These risks can typically be addressed through routine processes and internal controls, ensuring consistent consideration of stakeholders and environmental responsibility in operational matters.

**The Risk Committee** oversees high and extreme-level risks that may affect strategic objectives, compliance, reputation, or broader social and environmental outcomes. The Risk Committee regularly reviews such risks to ensure consistent application of policies and procedures to mitigate adverse impacts, both internally and externally. Where necessary, the Committee provides evidence-based recommendations to the Board of Directors, ensuring risks with potential harm to stakeholders or environmental sustainability are prioritized in decision-making.

**The Board of Directors** retains final decision-making authority on all matters. While the Risk Committee and staff manage risks and make evidence-based recommendations, the Board oversees all actions, including rejecting high-risk participants, suspending relationships, or addressing critical compliance or sustainability issues. This process ensures that the Board is informed immediately and exercises oversight, considering not only organizational interests but also potential adverse impacts on people and the environment in all decisions.

**Legal counsel** is informed of risks with legal, regulatory, compliance, or reputational implications, particularly those with significant potential for litigation, regulatory penalties, or contractual liabilities. Legal counsel reviews and advises on such risks, focusing on cases where adverse impacts on people or the environment may trigger legal or regulatory scrutiny.

In accordance with the Copper Mark's governance framework and risk matrix, the following mitigation and decision-making structure applies to the management of risks:

<b>Risk rating</b>	<b>Mitigation / Remediation</b>	<b>Decision-Making</b>
Low	Adverse impacts are either not applicable or easily addressed without significant intervention.	Staff
Moderate	Adverse impacts require intervention but mitigation or remediation is manageable without major disruption.	Staff
High	A substantial response is required to mitigate or remediate adverse impacts.	Risk Committee
Extreme	An immediate and extensive response is required to mitigate or remediate adverse impacts.	Board of Directors

This aligned structure reflects the Copper Mark's commitment to assessing both internal and external impacts across all risk management processes, ensuring a comprehensive, socially, and environmentally responsible approach.

## 4 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

### 4.1 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> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Joint Due Diligence Standard Agreement</li> <li>○ Vendor Agreement</li> <li>○ Assessor Application Form</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>

## 4.2 Media Scanning

Purpose	<p>The media scan conducted as part of the Copper Mark Assurance Program is limited to the participant applying for the program, the company applying to become a Copper Mark Partner and, where applicable, their direct parent company.</p> <p>This process is designed to identify any public information relevant to the participant’s compliance with the Copper Mark standards. It ensures that the due diligence focuses on the participant’s operations and their immediate corporate governance structure, helping to identify, assess and manage potential reputational, legal, and compliance risks.</p> <p>This process further seeks to identify potential reputational, legal and compliance risk related to companies seeking to become, or active as, The Copper Mark Partner.</p> <p><b>Identifying Adverse Impacts:</b></p>
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	<p>To systematically identify any situations where the Copper Mark may cause, contribute, or be directly linked to adverse human rights or environmental impacts, in alignment with the Copper Mark’s Due Diligence Procedure. Such identification supports risk evaluation based on likelihood and consequences and allows categorization according to the Grading Matrix for effective management.</p> <p><b>Managing Risks:</b> To ensure proactive management and monitoring risks that could affect the Copper Mark's strategic and operational objectives. This process is key to upholding Copper Mark's commitment to responsible sourcing and ethical business practices, particularly for risks that may have moderate to severe consequences for both internal operation, people or the environment.</p> <p><b>Informing Assessment Scope (The Copper Mark participants only):</b> To guide the scope of the Independent Site Assessment or Re-Assessment for participants in line with the Copper Mark’s Assurance Process. This scope reflects the Copper Mark’s standards on responsible production, environmental sustainability, and social responsibility. By incorporating the media scan in the Assurance Process, the Copper Mark can supports a risk-based approach to the assessment of participants’ performance against the applicable standards.</p>
Applicability	All participants and (if applicable parent companies); Partners
Timing	Prior and throughout the business relationship.
Other Relevant Parties	Legal Counsel
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 a search on publicly available information on participants or parents and their parent company: <ul style="list-style-type: none"> <li>○ Staff conducts the search for the company in scope using the resources and search terms defined in the Due Diligence Checklist.</li> </ul> </li> <li>• Throughout the business relationship, staff monitors public reports on the company in scope 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> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>○ Grievances received by the Copper Mark</li> <li>○ Information received directly from affected stakeholders</li> <li>● Results of the search and monitoring of public reports are logged by staff in the Due Diligence Check Log.</li> <li>● Results of the search and monitoring of public reports that are graded as high or extreme risk are summarized in a Due Diligence Report, including any additional information obtained by the participant, partner or other stakeholder as well as any legal advice obtained.</li> </ul> <p><b>Reporting:</b></p> <ul style="list-style-type: none"> <li>● A regular report is provided to the Risk Committee on all results, at least at such frequency as required for the Risk Committee to provide its reports to the Board of Directors.</li> <li>● Results that are high or extreme risk are escalated to the Copper Mark Risk Committee for review within 48hours of the Due Diligence Report being completed.</li> <li>● The Risk Committee evaluates these reports to ensure that policies and procedures are consistently applied to mitigate any adverse effects on strategic objectives, compliance, reputation, or broader social and environmental outcomes.</li> <li>● Where necessary, the Risk Committee provides recommendations to the Board of Directors to ensure that all decisions consider potential impacts on stakeholders and environmental sustainability.</li> </ul>
<p><b>Outcomes:</b></p>	<ul style="list-style-type: none"> <li>● <b>Low and Medium Risk:</b> Proceed with the business relationship.</li> <li>● <b>High Risk and Extreme Risk</b></li> </ul> <p>The Copper Mark Board will evaluate the report to determine the appropriate course of action following the review of recommendations made by the Copper Mark Team and Risk Committee:</p> <ul style="list-style-type: none"> <li>○ <b>Proceed with the business relationship</b> if no significant concerns are identified.</li> <li>○ <b>Proceed with conditions</b> by entering a business relationship, subject to additional information or documentation from the business partner to address identified risks.</li> <li>○ <b>Decline the business relationship</b> if there are reasonable concerns that entering the relationship</li> </ul>

	may contribute to, or be directly or indirectly linked to, adverse human rights or environmental impacts.
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### 4.3 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 or environmental 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>

## 5 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

### 5.1 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.
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## 5.2 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> </ul> </li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <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. <ul style="list-style-type: none"> <li>○ Staff will engage with the site to prompt it to take appropriate action to respond to the issue.</li> </ul> </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>

### 5.3 Business Partner Engagement

#### 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 or environmental impact.</li> <li>○ The severity of the adverse human rights or environmental 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>
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## 5.4 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>

## 6 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 or environmental impacts, it will provide for or cooperate in their remediation through legitimate processes.

Where the Copper Mark is directly linked to adverse human rights or environmental 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.

## 7 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.