



International Tin Association (ITA) and Responsible Minerals Initiative (RMI)

Joint Assessment Criteria for Tin Smelting Companies

ALIGNMENT ASSESSMENT REPORT OF POLICIES AND
STANDARDS

APRIL 2021



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Executive summary

In 2019 the International Tin Association (ITA) and the Responsible Minerals Initiative (RMI) developed the Joint Assessment Criteria for Tin Smelting Companies with the aim of supporting compliance with the OECD Due Diligence Guidance for Minerals Sourced from High-Risk and Conflict-Affected Areas (the 'OECD Guidance') and regulatory or industry requirements based on the OECD Guidance, such as the LME responsible sourcing requirements, the EU Conflict Minerals Regulation (Regulation (EU) 2017/821) and Section 1502 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd Frank Act).

To assess alignment with the OECD Guidance requirements, the ITA and RMI appointed Kumi to carry out an assessment of the Joint Assessment Criteria using the OECD Alignment Assessment Methodology. The assessment was carried out through a desk-based review of relevant documentation, as well as interviews with ITA and RMI staff. The assessment is limited to a review of the policies and standards that set out the requirements for tin smelting companies as specified in the content of the Joint Assessment Criteria and its accompanying Guidance. Given the Joint Assessment Criteria and Guidance were developed as part of a collaborative effort between the ITA and the RMI, this assessment also includes a review of policies and standards developed by each programme as they relate to the planned implementation activities to be undertaken by each programme (each programme being responsible for its own implementation activities against the joint standard).

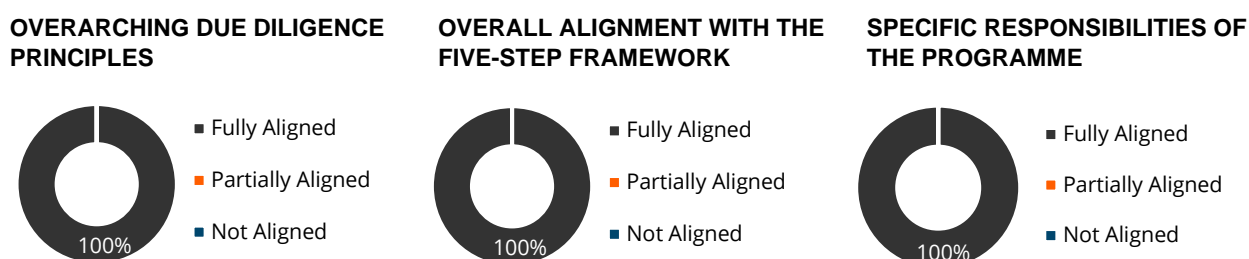
Key strengths of the scheme

- Overarching due diligence principles are clearly incorporated into the Joint Assessment Criteria.
- Strong alignment with the OECD Guidance requirements throughout the five due diligence steps.
- Detailed policies and documentation regarding the assessment procedures per individual programme that will support companies and auditors in implementing the requirements of the standard.

Conclusion

Following the completion of this assessment, the Joint Assessment Criteria are rated as **Fully Aligned** for the 'Policies and standards' aspect of the OECD Alignment Assessment.

Figure 1: Assessment scores for the three main sections of the OECD Alignment Assessment





Methodology

The Joint Assessment Criteria were evaluated using the OECD's Methodology for the Alignment Assessment of Industry Programmes against the 'Policies and standards' aspect only. An assessment of the 'Implementation' aspect of the criteria was not conducted as at the time of the assessment the Joint Assessment Criteria were not operational. Further, as the implementation of the Joint Assessment Criteria will be undertaken by the RMI and ITA separately using two different approaches, once the Joint Assessment Criteria is operational the implementation assessment approach will need to take this into account.

The Joint Assessment Criteria were assessed against three criteria groups from the OECD Alignment Assessment Tool, referred to as A, B and C criteria. Criteria A relate to whether key overarching due diligence principles have been incorporated into the design of the scheme. Criteria B and C relate to whether the scheme's requirements for companies and the activities it undertakes itself are aligned to the specific recommendations of the OECD five-step due diligence framework.

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 of criteria 'Fully Aligned') + (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')

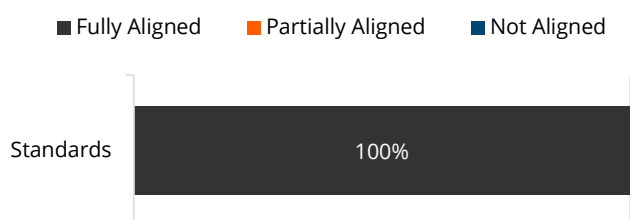
For a scheme to claim to be "OECD aligned" it must achieve a rating of 'Fully Aligned' in the overall conclusion of the Alignment Assessment.



Overarching due diligence principles

As shown in Figure 2 below, all policies and standards set out in the Joint Assessment Criteria were found to be fully aligned with the 'Overarching due diligence principles' that are set out in the OECD Alignment Assessment methodology.

Figure 2. Score under 'Overarching due diligence principles'



The Joint Assessment Criteria explicitly state that due diligence is an ongoing process undertaken by companies. It expects smelters to maintain responsibility over the due diligence process and recognises that the adoption of the Joint Assessment Criteria does not release smelters from being responsible for conducting due diligence in their own supply chains and to do so proactively and in reaction to changes of circumstances and risks in the supply chain.

The requirements set out in the Joint Assessment Criteria are expected to be used by auditors to assess whether a company has implemented OECD-aligned supply chain due diligence. This principle is explicit in the Joint Assessment Criteria document, as well as in the ITA-RMI Guidance that was developed to support auditors and companies in the implementation of the requirements set out in the Joint Assessment Criteria. Where companies and/or its suppliers participate in a joint or institutionalised mechanism and such initiative has been independently confirmed to be aligned with the OECD Guidance, the ITA-RMI Guidance foresees that this will be taken into account in the assessment against the Joint Assessment Criteria.

Companies are also expected to consider at least all risks covered in Annex II of the OECD Guidance and identify red flags through their due diligence activities. Companies are also expected to adapt the nature and extent of their due diligence to their individual circumstances such as company size, location, sector, and the likelihood and severity of identified risk. Where necessary, companies are required to conduct on-the-ground assessments of risks identified in their supply chains, whether individually or by collaborating through joint initiatives.

To verify the ongoing implementation of the requirements set out in the Joint Assessment Criteria, the ITA and RMI require smelters to undergo an annual third-party audit in line with each programme's requirements. The RMI has a well-established audit management process for its Responsible Minerals Assurance Process (RMAP) based on the ISO 19011 audit standard. In interviews with staff, the RMI stated that the same audit process would be used for assessing compliance against the Joint Assessment Criteria. The ITA has developed its own audit management process for assessing performance of its members under the ITA's Code of Conduct. The ITA's process follows the ISAE 3000 assurance engagement standard and the ITA confirmed it will continue to apply the same approach for the Joint Assessment Criteria. The audit process is discussed in further detail in Step 4 'Carry out an independent audit at identified points in the supply chain' and in 'Specific responsibilities of programmes' in this report.

The Joint Assessment Criteria also actively promote the sourcing of tin from conflict-affected and high-risk areas (CAHRAs) and artisanal and small-scale mining (ASM) operations. Reference to CAHRAs and the requirements companies are expected to comply with when sourcing tin from CAHRAs are included throughout the five due



diligence steps of the Criteria. Further the Joint Assessment Criteria do not differentiate between artisanal and small-scale mining (ASM) and large-scale mining (LSM) sources.

Individually, the ITA and RMI both actively support the responsible sourcing from CAHRAs and ASM sources. Documentation was provided by both ITA and RMI staff to evidence this. In addition, the ITSCI programme, a programme managed on a not-for-profit basis by the ITA and the Tantalum-Niobium International Study Center, provides monitored supply chains for tin, tantalum and tungsten (3T) minerals originating from mine sites in Rwanda, the Democratic Republic of Congo, Burundi and Uganda.

Document reviews and interviews noted, however, that the RMI and ITA have separate approaches to recognition of upstream industry initiatives. The RMI currently recognises ITSCI, as well as the Better Sourcing Programme which operates in the same geographies, as upstream assurance programmes that 3T smelters under the RMI's RMAP programme may participate in to support due diligence.

The ITA, on the other hand, do not specifically recognise any programmes, but does make clear that any aligned system can be used. The ITA expects companies to demonstrate they have reviewed the alignment of any upstream assurance programmes they participate in with the requirements set out in the Assessment Criteria. The assessment of whether companies have done this sufficiently would form part of the implementation phase. Here, the expectation is that auditors will use their judgment to determine if companies have undertaken sufficient due diligence before relying on any specific joint initiative.

At a policies and standards level, both approaches are considered acceptable for full alignment with the criteria in this section of the assessment.

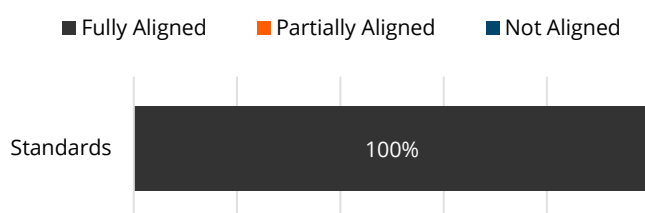


Alignment with the five-step framework

Step 1 – Establish strong company management systems

As Figure 3 shows, all criteria evaluated for management system requirements are fully aligned with the OECD Guidance requirements.

Figure 3. Score under ‘Step 1: Establish strong management systems’



The Joint Assessment Criteria require companies to adopt and clearly communicate to suppliers and the public a policy that explicitly reference all issues included in Annex II of the OECD Guidance. The Criteria also require that the policy sets out a clear and coherent management system that is consistent with the 3T supplement of the OECD Guidance. The management system for due diligence is expected to be overseen by a company's internal management and staff with the necessary competence, authority and resources to implement the process. Companies are also expected to put in place accountability for employees expected to perform due diligence.

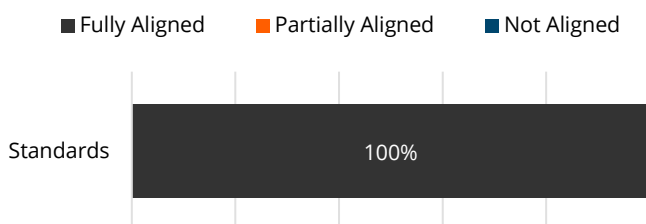
The criteria also require that processes are implemented to ensure that due diligence requirements are communicated within the company and suppliers. This includes integrating responsible sourcing expectations, including disclosure requirements, into contractual agreements with suppliers.



Step 2 – Identify and assess risks in the supply chain

Figure 4 illustrates the Alignment Assessment rating for the risk assessment requirements for companies under the Joint Assessment Criteria. As shown in the chart all the criteria were found to be fully aligned with the recommendations of the OECD Guidance.

Figure 4. Score under ‘Step 2: Identify and assess risks in the supply chain’



The Joint Assessment Criteria set out a clear process for assessing risks in the supply chain of tin smelting companies. Companies are expected to ensure that the scope of their risk identification and assessment activities address all the risks set out in Annex II of the OECD Guidance. Through the establishment of a red flag review process, companies are expected to consider the information gathered under Step 1 in relation to the location of mineral origin and transit, the nature of suppliers or the circumstances in the supply chain that may trigger red flags.

To support the identification and assessment of risks, companies are expected to:

- Understand the context of CAHRAs that have been identified in the company's supply chain
- Clarify the chain of custody information and details about the activities and relationships of suppliers
- Identify the location and circumstances of mineral extraction, trade, handling and export
- Obtain and maintain up-to-date information gathered from on the ground activities

The red flag process can yield one of three outcomes. Where red flags are identified and further investigation reveals an Annex II risk assessment is necessary, an on-the-ground assessment is required. Where red flags are identified but further investigation determines that there is not a significant probability that the source of minerals is a CAHRA, an on-the-ground assessment is not required. Where no red flags are identified, the Joint Assessment Criteria do not require further actions to assess risks in line with the OECD Guidance requirements.

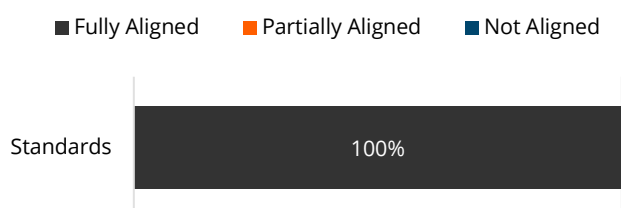
With regards to conducting on-the-ground assessments teams must be free from conflicts of interest and provide reliable and up-to-date evidence for use in the company risk assessment. Companies are explicitly expected to appoint appropriate experts for the on-the-ground teams with relevant knowledge and skills, as well as apply high standards of professional care. Any reasonable inconsistencies identified between the information gathered throughout the risk identification and assessment process and the requirements of the company's due diligence standard constitute a risk against which companies must implement risk management measures.



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

Figure 5 shows the Alignment Assessment rating for requirements to design and implement of a risk management strategy. As shown in the chart, all criteria are fully aligned with the recommendations of the OECD Guidance.

Figure 5. Score under 'Step 3: Design and implement a strategy to respond to identified risks'



The requirements for tin smelting companies are fully aligned with those assessment criteria relating to how identified risks from due diligence are appropriately reported to senior management and actions taken as a result. In line with the requirements set out in the OECD Guidance, the Joint Assessment Criteria require companies to manage identified risks by taking one of the following measures:

- i. Continuing to trade but with measurable risk mitigation
- ii. Temporarily suspending trade while mitigation is put in place
- iii. Ceasing trade with the relevant supplier

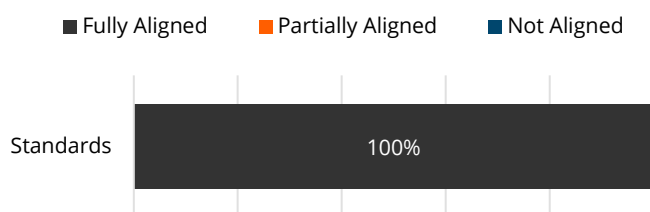
The Joint Assessment Criteria also require companies to support progressive improvement and exercise leverage over actors in the supply who can most effectively and most directly mitigate risks. This includes consulting with suppliers and affected stakeholders to agree on a risk management strategy. Companies are expected to publish the risk assessment and risk management plans developed (see also Step 5) and monitor and track the performance of the risk mitigation actions implemented. Further, the implementation of risk mitigation measures should be done in cooperation and consultation with relevant stakeholders, such as local and central authorities, upstream companies, international or civil society organisations and affected third parties.



Step 4 – Carry out an independent audit

Figure 6 illustrates the Alignment Assessment rating for the criteria related to independent audits. As shown in the chart, the Joint Assessment Criteria were found to be fully aligned with the OECD Guidance recommendations in this section of the assessment.

Figure 6. Score under ‘Step 4: Carry out an independent audit’



To support the implementation of the Joint Assessment Criteria, the ITA and the RMI require tin smelting companies to undergo independent third party audits. As described in the ‘Overarching due diligence principles’ section, the ITA and the RMI have each established their own audit processes that are managed individually under each programme. Jointly, the two programmes have developed the ITA-RMI Guidance to support auditors and auditees in preparing to address Step 4 requirements.

Audit activities themselves cover all key requirements of an audit of this nature, regardless of the audit standard used (ISO 19011 or ISAE 3000), including document reviews and on-site assessments. Both programmes’ audit processes require that companies facilitate access to relevant sites, documentation and employees. Both the RMI and the ITA have set out clear expectations in relation to the independence and accreditation requirements for auditors. Under each programme, auditors’ qualifications and accreditations are reviewed for approval.

For the RMI, the requirements for auditors are set out in internal policies and procedures that guide the audit process for the RMAP programme. During interviews, RMI staff stated that the same policies and procedures would apply to auditors for the implementation of the Joint Assessment Criteria. In addition, to ensure technical competence and knowledge of the specific requirements set out under the Joint Assessment Criteria, approved auditors would be required to undergo training specific.

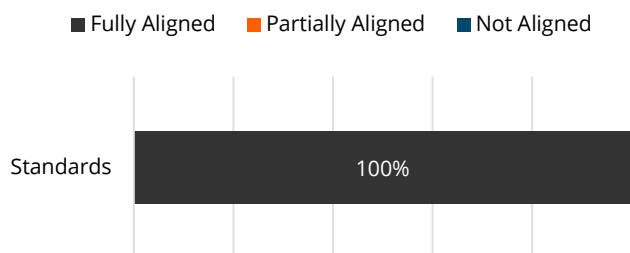
Whilst the ITA has not fully implemented its policies and procedures for managing the audit process, it has set out the key requirements that auditors are expected to comply with as part of the implementation of the Joint Assessment Criteria. This includes experience and knowledge of responsible sourcing, company processes to deliver ISAE 3000 audit engagements, experience in and a track record of ISAE 3000 assurance engagements and reporting.



Step 5 – Report on supply chain due diligence

Figure 7 illustrates the assessment rating for criteria relating to company reporting on supply chain due diligence. The Joint Assessment Criteria require companies to annually report, or integrate into annual sustainability or corporate responsibility reports, information on supply chain due diligence. As shown in the chart, all criteria in this section of the assessment were found to be fully aligned with the OECD's recommendations.

Figure 7. Score under 'Step 5: Report on supply chain due diligence'



The assessment criteria in this section with which the Joint Assessment Criteria were found to be fully aligned include:

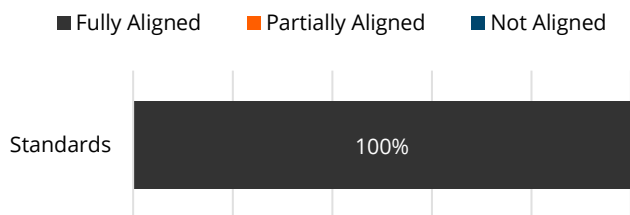
- Requiring companies to report annually on their supply chain due diligence practices, in line with OECD Guidance recommendations.
- Describe the company's management systems, methodology and results of risk assessment and risk management steps taken.
- Publicly reporting the company's audit reports. This can be done through either the ITA or RMI or other initiatives, or independently.



Specific responsibilities of schemes

Figure 8 illustrates the Alignment Assessment rating related to the specific responsibilities of the ITA and RMI. As shown in the chart, all criteria were found to be fully aligned with the OECD's recommendations.

Figure 8. Score under 'Specific responsibilities of programmes'



The ITA and the RMI have individually implemented several steps to align to the principles set out in the OECD Guidance and have taken steps to establish some joint activities to support the efficiency of the rollout and implementation of the Joint Assessment Criteria. In particular, this has included providing training to ITA and RMI members and auditors on the Joint Assessment Criteria. The training was delivered in 2020 in English and Chinese and ITA and RMI staff have expressed their intention to carry out additional training in 2021.

The ITA and RMI have stated that joint activities will be undertaken to review the effectiveness, quality and outputs audits. This commitment has been formalised in a jointly developed procedure document which recognises the differences in approaches and that the RMI recognises effectiveness and quality of the ITA's approaches and outputs and vice-versa. To ensure ongoing consistency, the document states that both organisations have agreed to regularly review audit effectiveness, quality and outputs relating to the joint Criteria periodically (noted as annually, or more often, if necessary).

In addition, if a dispute arises on any issues related to the cross-recognition of audits and their outputs, both parties have agreed to an escalation process that that either organisation can use to resolve the issue.