Overview

In 2017 the RMI released revised standards for Tin/Tantalum, Tungsten and Gold. From January 1, 2019 onward, all RMAP audits utilize the revised standards.

The revised standards were a result of extensive stakeholder engagement, public consultation periods, and review by the RMI’s multi-stakeholder Standard Setting Group. The standards have been translated into multiple languages, and the associated tools and guidance documents are currently under development.

An introduction to the RMI revised standards is available here.

Key improvements

The revision process brings the Standard in closer alignment with internationally recognized standards including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance) five-step framework and ISO management system requirements. Importantly, the Standard utilizes a global scope for the identification of conflict-affected and high-risk areas, and includes a simplification of risk categories from the previous Level 1-3 system into low-risk or high-risk sourcing. Additionally, the Standard now explicitly references both conflict-related risks and other serious human rights abuses by including OECD Guidance’s Annex II risks. To align with ISO management systems, the Standard now includes requirements for document control and the internal performance monitoring of due diligence management systems.

The revised Standard removes the former focus on a transactional review, instead concentrating on smelters’ management systems. As a result, the standard includes enhanced requirements for Know Your Counter-party (KYC) processes, fewer requirements for chain of custody documentation for low-risk sources, and consolidated data points for high-risk sources, aligning with the OECD Guidance recommendations. The Standard also has an updated sampling methodology, decreasing the number of samples for secondary material. Lastly, the Standard allows for smelters to utilize alternate systems for reporting transactions and conducting the mass balance and clarifies the definition of companies in scope.

What has stayed the same?

The procedural components of the audit remain the same. The auditors will review a smelter’s management system to ensure it is robust and allows for the appropriate risk-based due diligence in the
mineral supply chain. The audit frequency continues to be annual, excepting those smelters on a three-year audit cycle. The general audit process remains the same, as does the on-site audit procedure. Materials in scope include both primary and secondary materials, whether mined, purchased, tolled, or otherwise obtained. As with the old version, origin determination is not required for secondary materials, legacy materials, or assay samples; however KYC requirements are in place for all counterparties regardless of material type.

Impacts on smelters

The revised Standard provides more flexibility in smelters’ due diligence approaches, in line with the OECD Guidance. Requirements are less prescriptive, allowing for due diligence systems that are proportional to the size, complexity, and risk-profile of a company and its sourcing practices. Smelters should define a clear procedure to determine Conflict-Affected and High-Risk Areas (CAHRAs) in their supply chain. They should then review their material sources to identify sourcing from CAHRAs outside the previous L2 and L3 countries as part of an updated due diligence management system and proceed to evaluate the presence of OECD red flags in all supply chains. Risk assessment and management are required for smelters with high-risk supply chains.

To improve audit preparations, smelters will be asked to provide more in-depth information on management systems prior to the on-site audit. This will allow for better preparation of both the smelter and the auditor, resulting in a more efficient onsite audit process. After the first audit under the revised Standard, audits will focus on the maintenance of due diligence management systems, reducing the audit burden over the long-term.

What are the benefits of the revised RMAP standards?

There are many advantages to adopting the revised standard early. While this list is not exhaustive, a few benefits include:

- **Coverage for broader scope of risks:** The revised standards cover a broader scope of risks as outlined in Annex II of the OECD Due Diligence Guidance. The assessment provides coverage that smelters and refiners are able to manage risks in the supply chain beyond just conflict and security. For example, the revised standards encourage companies to enhance anti-money laundering, know-your-counterparty, anti-terrorist financing, and other risk management activities.

- **Coverage for broader scope of geographies:** The revised standards require global due diligence, beyond the Covered Countries identified in Dodd-Frank Act Section 1502. The assessment provides coverage that smelters and refiners are able to manage risks globally.

- **Meet increasing expectations from customers:** Customers have increasingly greater expectations from their suppliers to demonstrate responsible sourcing throughout the supply chain. The greater scope of risks and geographies in the revised standard allow smelters and refiners to confirm their commitment and successful implementation of these due diligence expectations.

- **Alignment with European Union (EU) expectations for selling into the EU market:** Smelters and refiners selling into the EU will be subject to the REGULATION (EU) 2017/821 OF THE EUROPEAN
PARLIAMENT AND OF THE COUNCIL of 17 May 2017, which comes into effect in 2021. The revised standards meet the expectations of this regulation, and it is expected that RMAP assessments against this standard will be accepted by the EU.

- **Improved public reporting:** The revised standard requires a level of public reporting that is used by a variety of stakeholders, including customers, governments, NGOs, investors and the general public.

- **Improved internal management systems:** Employing a risk-based approach, the revised standards can help smelters and refiners improve their internal management systems outside of due diligence by integrating lessons learned and best practices.

- **On-ramp process:** The revised standard integrates the concept of continual improvement, which allows smelters and refiners to demonstrate progress over time with an understanding that due diligence is an ongoing activity with no start or finish.

- **Leadership among industry peers:** In addition to meeting stakeholder expectations, undergoing an assessment against the revised standards is a way to demonstrate leadership among industry peers.