RESPONSIBLE MINERALS ASSURANCE PROCESS

TUNGSTEN SMELTER STANDARD

An assurance process to demonstrate due diligence for mineral sourcing in accordance with the OECD Due Diligence Guidance for Responsible Mineral Supply Chains from Conflict-Affected and High Risk Areas.
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I. INTRODUCTION

The Responsible Minerals Assurance Process (formerly the Conflict-Free Smelter Program (CFSP)) was established to cultivate transparent mineral supply chains and sustainable corporate engagement in the mineral sector with a view to prevent the extraction and trade of minerals contributing to or being associated with significant adverse impacts, including serious human rights abuses and conflict.

This standard was developed in consultation and collaboration with the Tungsten Industry – Conflict Minerals Council (TI-CMC). It provides a specific, practical framework to consistently audit the supply chain practices and underlying due diligence management systems of tungsten smelters, the point at which the mineral is converted into a generic metallic powder, product or compound. It follows guidance provided by the final report of the UN Group of Experts to the Security Council on 15th November 2010, and by the Organization of Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Third Edition (OECD Guidance). The OECD Guidance provides a working framework for companies to approach conformance with the due diligence requirements outlined in existing regulations or upcoming legislative initiatives.

This standard aligns the Responsible Minerals Assurance Process with the OECD Guidance. Compared to previous versions, it places increased emphasis on the review of management systems and applies a global definition of Conflict-Affected and High-Risk Areas (CAHRAs). It requires auditees to implement due diligence proportional to the risk profile of tungsten sources and suppliers, including consideration of level of the identified risks and impacts.

The standard does not cover all human rights, social, and environmental risks that smelters may face as part of their responsible sourcing practices, and a successful audit should not be used to imply operating performance beyond the strict scope of the Responsible Minerals Assurance Process. The Assurance Process reviews an auditee’s supply-chain due diligence activities of all applicable tungsten raw material inputs and assesses their alignment with the five-step framework of the OECD Guidance.

Steps to establish management systems, conduct risk assessments based on the collection of supply chain information, and report on due diligence shall be implemented by all auditees, regardless of the source of their materials. Steps related to the management of risks specific to sourcing from CAHRAs or if supplier red flags are identified are only required to be implemented by auditees sourcing from such areas (Table 1).

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<td>Design of System and Processes</td>
</tr>
<tr>
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<td>Conducted by approved third party auditors</td>
<td>Conducted by approved third party auditors</td>
</tr>
</tbody>
</table>
Step 5: Reporting on Due Diligence

All auditees

Nature and extent of due diligence systems

OECD Guidance Reference: “The nature and extent of due diligence that is appropriate will depend on individual circumstances and be affected by 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.”

The Responsible Minerals Assurance Process provides flexibility for auditees in regards to the management systems used to address the requirements of this Standard. The size and complexity of management systems in place to address Steps 1, 2 and 5 of Table 1 above should be proportional to the risk level associated with tungsten material sources used by the auditee. As such, auditees with simple, low risk supply chains do not require complex due diligence systems as long as the requirements of this Standard are met.

The Responsible Minerals Assurance Process has adopted the general ISO approach to the management system requirements, approach, philosophy and implementation for conformance. Auditees are advised to consult ISO or similar sections in ISO standards such as ISO 9000 series, ISO 17000 series and ISO 14000 series.

II. CROSS-RECOGNITION

In some cases, the Responsible Minerals Assurance Process may evaluate the cross-recognition of other third-party auditing programs and recognize these other programs as meeting the standards set forth in this document. Information and criteria on current cross-recognized programs can be found here: http://www.responsiblemineralsinitiative.org/minerals-due-diligence-container/recognized-standards-or-programs/audit-cross-recognition/.

III. APPLICATION

The Responsible Minerals Assurance Process is available to all auditees that meet the following conditions:

- Meet the definition of a tungsten smelter as defined in Section VII.A of this standard.
- Subject applicable individual smelter facility(ies) to an audit(s).
- Allow all relevant organizational units involved in the auditee’s supply chain due diligence program to be reviewed as necessary for the scope of the audit.
- Sign the appropriate agreements (e.g. Agreement for Exchange of Confidential Information).
- Audits for the Tungsten Smelter Standard are funded by the Responsible Minerals Assurance Process.
- Agree to publish a supply chain policy relating to responsible practices for sourcing tungsten.2
- Agree to publish audit summary report and auditee due diligence report that conform to the OECD Guidance with due regard taken to business confidentiality and other competitive concerns.

IV. DISCLAIMERS

The Responsible Minerals Assurance Process and this standard follow the ISO 19011 auditing standard in conducting an independent third-party audit. Auditors follow reasonable procedures to assess the auditee’s management system, taking into consideration materiality as well as the quality and quantity of the evidence available. Auditors must fulfill the qualification requirements defined in the program’s Approval Process3. Documentary evidence may be sampled in accordance with the sampling guidance established in RMAP Assessment Procedure document.

The audit assesses whether the auditee has implemented company level management processes and due diligence to support responsible mineral procurement per the OECD Guidance. The audit will not determine that material at the auditee is conflict-free. This is not a material certification audit.

V. UPSTREAM ASSURANCE MECHANISM

The implementation of due diligence is the responsibility of the auditee. However, if sourcing from CAHRAs or if supplier red flags are identified, the auditee may, in part, utilize upstream assurance mechanisms to carry out due diligence on its high-risk supply chains. Examples of systems and service providers are listed here:
http://www.responsiblemineralsinitiative.org/minerals-due-diligence-container/recognized-standards-or-programs/upstream-assurance-mechanisms

Where the auditee utilizes one or more upstream assurance mechanism, the auditee shall, at a minimum:

1. Understand the scope of activities of the upstream assurance mechanism and understand any gaps between the scope of the mechanism’s activities and the requirements of the OECD Guidance. For those parts of the auditee’s due diligence process that are covered by the upstream assurance mechanism, the auditee shall ensure that all information generated by the upstream assurance mechanism, and which is expected to be shared with the auditee, is received and shared with the auditor for the audit period. Records shall be maintained for at least five (5) years.
2. Have sufficient understanding of the context of conflict-affected and high-risk areas to be able to:
   - Review and understand all information generated by the upstream assurance mechanism, whether directly shared with the auditee or made available publicly.
   - Assess their ability to exercise influence over actors in high-risk supply chains who can most effectively prevent or mitigate identified risks.
3. Where possible, actively participate in the upstream assurance mechanism to mitigate identified risks in its supply chains.

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2 Refer to Annex IV for guidance on public reporting.
3 Refer to the program’s website for information on the Approval Process: http://www.conflictfreesourcing.org/conflict-free-smelter-program/cfsp-audit-firm-and-auditor-approval/

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VI. AUDIT SCOPE

A. Companies within the scope of the audit
The Responsible Minerals Assurance Process, in consultation with TI-CMC, has the sole discretion to determine whether a company is eligible to participate in the assurance process. It is the responsibility of the auditee to provide sufficient evidence to the program to review and confirm that the auditee meets the eligibility requirements to participate.

All fully operational companies meeting the definition of tungsten smelter below are included within the scope of this Assurance Process. For companies that operate multiple smelting facilities that meet the definition of a tungsten smelter, all such facilities will be subject to this Assurance Process. Conformance with this standard is determined at the level of the smelting facility.

Tungsten Smelter
A company with one or more facilities with the ability to convert tungsten containing ores (such as wolframite and scheelite), tungsten concentrates, synthetic scheelite or tungsten bearing scrap (secondary material) into metallic or refined tungsten, ammonium para tungstate (APT), ammonium meta tungstate (AMT), refined sodium tungstate, ferrotungsten, tungsten reagents, and tungsten oxides for direct sales or further processing into tungsten-containing products (such as tungsten powder or tungsten-carbide powder through thermic processes).

Note that the word “smelter” has been used for consistency with other standards and the generally accepted description of the “smelter-level” being the pinch point of the supply chain. Technically, most tungsten processing does not involve smelting but is more accurately described as chemical-based refining.

B. Materials in scope
All materials intended for production of tungsten metal, products, or intermediates physically received, held, and/or processed during the audit period, regardless of origin or in-country storage location and type, are included in the Assurance Process.

Materials in inventory that have been physically received prior to the current audit period will be included in the audit scope solely for purposes of the mass balance calculation. Such material is not subject to the determination of origin.

All material sent to or received from a third party (including a smelter) for processing under a tolling agreement during the audit period will be considered part of the auditee’s receipts and production, and therefore the auditee must provide required origin and due diligence information for these transactions (see Annex II: Supplying Smelter / Exchanges Origin Determination Requirements).

C. Companies outside the scope of the audit
Any company not meeting the definition of smelter as identified in Section VI.A. is outside the scope of the audit. This includes but is not limited to the following examples:
• **Upstream facilities:** Facilities that produce exclusively synthetic scheelite or crude sodium tungstate and need another smelter to produce products for downstream use are out of scope for the audit.

• **Downstream facilities:** Facilities that buy and further process APT, blue tungsten oxide (BYO), yellow tungsten oxide (YTO), AMT or similar are considered downstream of a smelter for purposes of the audit.

• **Materials treatment specialist:** Companies solely processing materials sent for external treatment are not within the scope of this audit. This form of external treatment must not include smelting or refining processes. For example, a materials treatment specialist might receive materials from the smelter to remove hazardous waste contaminants (e.g., arsenic, radioactivity) or perform thermic pre-treatment of secondary raw materials or sizing as a service, and then return the treated materials to the smelter. Such materials, if continually owned by the smelter, will not require additional origin information on their return from such a company.

• **Trading companies:** Companies trading in materials where the material traded is in the same chemical and physical state as received.

• **Recycler/Handler/Material recovery companies:** A company with one or more facilities with the ability to exclusively process secondary materials, including, for example, zinc reclaiming facilities.

Companies outside the scope of the Assurance Process may elect to participate in the Downstream Audit Program for a separate, voluntary, and independent assessment of responsible sourcing practices. Companies that are in conformance with the Downstream Audit Program Standard are listed on the program’s website.

### D. Audit period and frequency

The initial audit period will cover the period from one year prior to the date indicated in the Audit Workbook. The auditee may determine the end date it wishes to utilize for transaction review section of the Audit Workbook as long as it is not more than four weeks before the Audit Workbook is provided to the audit program.

The next audit conducted on an auditee who has failed to maintain their conformance status will include the entire period of lapsed conformance status up to a maximum of two years prior to the submission of the Audit Workbook.

An auditee who has been found to be non-conformant due to unresolved findings will not be permitted to undergo another audit for a period of six months. Upon re-entering the audit process, the auditee will need to include the entire period from the end of the period covered by the last Audit Workbook submitted, up to a maximum of two years.

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An auditee who has been accepted into the Risk-Based Audit Program\(^5\) will undergo a full audit in accordance with the Program's provisions.

Re-audits are required to maintain a conformance status. Re-audits will include the entire period between prior and current audits. The auditee is responsible to ensure a re-audit is scheduled prior to the expiry of the current conformance status. The program is responsible to ensure a re-audit is completed within a reasonable timeframe for each auditee.

The re-audit frequency is dependent on the auditee’s individual scenario which is summarized in Table 2.

**Table 2: Re-audit Frequency**

<table>
<thead>
<tr>
<th>Type of Auditee</th>
<th>Re-Audit Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>An auditee who passes the audit but is <strong>not</strong> also a TI-CMC member company.</td>
<td>Annual</td>
</tr>
<tr>
<td>An auditee who passes the audit and is validated as processing ore concentrates which originated from CAHRAs.</td>
<td>Annual</td>
</tr>
<tr>
<td>Any TI-CMC member who is also in conformance with this Standard and which allows their TI-CMC membership to lapse between audits.</td>
<td>Annual, starting immediately after the membership lapse.</td>
</tr>
<tr>
<td>An auditee who passes the audit, is a TI-CMC member company and is validated as only processing ore concentrates which originated outside CAHRAs (provided there is no gap in TI-CMC membership).</td>
<td>Every three years</td>
</tr>
<tr>
<td>If the auditee during the three-year period starts to source from CAHRAs, the re-audit frequency is increased to annual audits.</td>
<td></td>
</tr>
<tr>
<td>Any auditee who has been accepted into the Risk-Based Audit Program(^6)</td>
<td>Every three years, subject to the conditions of the Risk-Based Audit Program.</td>
</tr>
</tbody>
</table>

**E. Start-up arrangements**

It is recognized that an audit program cannot be performed on an auditee until after operations have begun. Auditees must be fully operational to be listed as active smelters. The audit cannot be conducted until the auditee has been operating for at least three months prior to the audit date, completed a minimum of 10 separate material transactions, and has produced tungsten metal or tungsten containing intermediates.

Auditees starting new operations will be audited for the period of the start of operations until the audit date, with a minimum of three months and a maximum of one (1) year audit period.

Auditees with operations that were idle will be audited for the full audit period of one (1) or three (3) years.

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\(^5\) Information about the Risk-Based Audit Program can be found here: http://www.responsiblemineralsinitiative.org/media/docs/RMI%20Risk-Based%20Assessment%20Program_2019.pdf

\(^6\) Information about the Risk-Based Audit Program can be found here: http://www.responsiblemineralsinitiative.org/media/docs/RMI%20Risk-Based%20Assessment%20Program_2019.pdf

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An auditee sourcing intermediate tungsten products from a start-up smelter may apply the following reduced due diligence requirements for the new smelter's operations. The auditee shall:

- Obtain a self-declaration of sources for all tungsten material used by the new smelter;
- Confirm TI-CMC membership of the new smelter;
- Confirm RMAP active status of the new smelter;
- Complete the KYC process for the new smelter;
- Conduct an in-person visit at the new smelter if the due diligence process identifies any high-risk sources as defined by Table 6 of this Standard.

Reduced due diligence requirements may only be applied for a maximum period of six months following the start of operations of the new smelter and subject to the new smelter being able to demonstrate active participation in the Responsible Minerals Assurance Program during that entire time.

VII. ORIGIN DETERMINATION

The auditee is required to establish a System of Controls and Transparency over the supply chain. As part of this system, the auditee shall determine the origin and chain of custody of material received (see Table 3). However, not all material categories require an origin determination and chain of custody as outlined in Figure 1 below. The material categories include:

### TABLE 3: MATERIAL CATEGORIES

<table>
<thead>
<tr>
<th>Material Category</th>
<th>Origin Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary material</td>
<td>Origin determination required, chain of custody required for high-risk sources.</td>
</tr>
<tr>
<td>Products received from a supplying smelter</td>
<td>Origin determination (low and high-risk sources) and chain of custody for high-risk sources required unless the material is processed by a company which is itself conformant with this standard or with a cross-recognized program.</td>
</tr>
<tr>
<td>Secondary materials (commonly referred to as “recycled” or “scrap”)</td>
<td>Origin determination and chain of custody not required⁷.</td>
</tr>
<tr>
<td>Legacy materials (material that can be verified to have been created in the current form prior to 31st January 2013)</td>
<td>Origin determination and chain of custody not required⁸.</td>
</tr>
<tr>
<td>Assay materials</td>
<td>Origin determination and chain of custody not required⁹.</td>
</tr>
</tbody>
</table>

See Figure 1 as a general guide to identify which material categories and conditions require origin determination.

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⁷ Provided requirements specified in this standard and its Annexes are met.
⁸ Ibidem
⁹ Ibid.

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Is the material legacy as defined in this Protocol?

Yes

No

Is the material developmental or assay samples?

Yes

No

Does the documentation meet requirements as defined in this Protocol?

Yes

No

Are the volumes reasonable?

Yes

No

Is the material secondary as defined in this Protocol?

Yes

No

Does the material meet documentation requirements as defined in this Protocol?

Yes

No

Has the material been processed by another company “in scope” per section VI.A.

Yes

No

Is that supplier CFSI conformant (or equivalent)?

Yes

No

Use CFSI conformant list (or equivalent) for validation

Origin Determination conducted as defined by this protocol

Origin determination not required
VIII. CONFORMANCE REQUIREMENTS

This section defines the conformance requirements. These requirements serve to validate the auditee’s alignment with the five (5) steps of the OECD Guidance so as to ensure that risks related to the OECD Guidance Annex II Model Supply Chain Policy are identified and adequately managed by the auditee.

Auditees shall use good faith and reasonable efforts, as well as integrate progressive and flexible approaches, in their application of the OECD Guidance, including monitoring of emerging risks and incidents in their supply chain(s) and shall take these components into account in their due diligence activities.

The conformance requirements relate to the period that is prior to or during the time when material is owned and/or physically under the control of the auditee.

A. OECD Guidance: Step 1 – Strong Company Management Systems (ALL SOURCES)

To achieve the intended outcomes of the OECD Guidance, including continual improvement, the auditee shall establish, implement, and maintain a management system to adequately manage risks. The auditee shall make available the resources necessary to support the operation and monitoring of the management system. Flexibility is needed in its application depending on individual circumstances and 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.

The auditee shall have a robust management system that can demonstrate consistency of process to achieve conformance with the standard requirements at all times and to anyone evaluating the system itself, its implementation, and its desired outcome. Any activity to be considered for conformance must have the management system in place prior to implementation. The management system should, at a minimum, include the following components and their interactions:

1. Supply Chain Policy (ALL SOURCES)

**OECD Guidance Reference:** “Companies should adopt, and clearly communicate to suppliers and the public, a company policy for the supply chain of minerals originating from conflict-affected and high-risk areas. This policy should incorporate the standards against which due diligence is to be conducted, consistent with the standards set forth in the model supply chain policy in Annex II.”

The auditee shall have a documented, effective, and publicly communicated supply chain policy for procurement of tungsten containing materials. The policy will be implemented within the auditee’s management processes and include the following components:

**Definition of scope**
The policy acknowledges the issue it pertains to, including the identification of the conflict mineral(s), material and supply chain risks covered by the policy and procurement practices.
Due diligence content
The policy must be consistent with the Standards set forth in the OECD Guidance Annex II Model Policy. It shall set out a clear and coherent management process for risk management and commit the auditee to the due diligence steps described in the Tin, Tantalum and Tungsten Supplement of the OECD Guidance.

Implementation
The policy:

- Is publicly communicated, such as posting on the auditee’s website, contained within a Corporate Responsibility Report, Supplier Code of Conduct or other official public company communications, and/or posted on an industry association website.
- Includes an effective date for when the policy was established and/or adopted.

The auditee shall communicate the expectations on responsible supply chains to supplier(s) providing relevant materials that contain tungsten, as well as the supply chain policy.

2. Management Responsibility (ALL SOURCES)

OECD Guidance Reference: “Companies should structure internal management to support supply chain due diligence.”

The auditee shall:

- Appoint a senior manager with the necessary competence, knowledge and experience to be responsible for the implementation of the due diligence management system;
- Report findings on actual and/or potential risks identified in the supply chain to the appointed senior manager;
- Providing training and periodic refresher training (timing is defined by the auditee), including as part of new hire orientation, to relevant employees covering critical information on the due diligence management system and maintain training records within company records.

3. Control of documents/records (ALL SOURCES)
Documents and records required by the management system (at minimum those required by this Standard) shall be controlled. Records generated by the management system for due diligence shall be maintained for a minimum of five (5) years.

A document, irrespective of its format, shall mean:

- Communication of information – as a tool for information transmission and communication. The type of documentation should be appropriate for the auditee and should achieve clear, consistent and repeatable communication.
- Evidence of conformance – provision of evidence that what was planned, has actually been done.
• Knowledge sharing – to disseminate and preserve the auditee’s experiences. A typical example would be a technical specification, which can be used as a base for design and development of a new product or a procedure that can be used to ensure an activity is undertaken in a consistent manner by different people at different times.

Control shall include the following activities, as applicable:

• Distribution, access, retrieval and use;
• Storage and preservation, including preservation of legibility;
• Control of changes (e.g. version control);
• Retention and disposition.

4. Monitoring of Performance (ALL SOURCES)
Auditees shall evaluate the goals of their Due Diligence Management System against performance at a minimum once per year to ensure the system is effective and produces the expected outcomes.

Monitoring shall be proportional to the complexity of the management system and shall include, at a minimum, a management review of the due diligence system to identify both proactive and reactive measures.

Findings of such management reviews are reported to senior management. Where applicable, a formalized action plan must be established and include relevant preventive and corrective actions. Action plans shall take into considerations observations resulting of a management review, a Grievance and Complaints Mechanism, or any evaluation against the Tungsten Smelter Standard.

The preventive and corrective action process shall include the following elements:

• Review and document the problem and related corrective action;
• Address the problem in the short term as well as identify an appropriate solution that will prevent the problem from happening again in the long term. Long term solutions should be based on the investigation of the root cause of the problem and may require a change to the process;
• Report on the actions actually taken, internally (to management) and to the Assurance Process (as part of the formal corrective action process);
• During the next performance evaluation, assess whether the actions taken were successful in preventing recurrence and document the evidence to support this assessment.
5. Internal Material Control Systems (ALL SOURCES)

Material Control Systems

The auditee shall establish and implement sufficient systems of internal material control to ensure:

- Each individual transaction of relevant material received is identified and documented\(^\text{10}\). The process shall record the date the material is physically received or the date the material is received in the auditee’s material control system\(^\text{11}\).
- Inventory, including work in progress, metal stocks, and other material types, is calculated. The process shall ensure changes in weight due to processing are monitored for losses. Unreasonable changes to inventory (losses or gains) shall be investigated and the findings established in writing.
- Receipts, inventories, losses, and sales quantities are reconciled in a mass balance\(^\text{12}\).
- Any discrepancies observed during internal material control processes and / or a mass balance calculation are investigated.

Mass Balance Calculation

Using the information generated by the internal material control system, the auditee shall be able to calculate the mass balance as a means to substantiate the total material processed by the smelter facility subject to the audit. The mass balance verifies the quantity of material received and in inventory during the audit period matches what is expected, taking into account the possible error margin of inventory, stock and loss estimation.

For the purpose of this audit, the mass balance calculation shall provide the following information:

\[
\text{Closing inventory (calculated)} = \text{Opening inventory (declared)} + \text{receipts} - \text{product shipments} - \text{estimated losses}
\]

The closing inventory (declared) and the closing inventory (calculated) must be within the allowed maximum margin of error of 10%. A negative (-10%) margin of error must be investigated and a reasonable justification must be provided to the auditee. For the purposes of the Assurance Process, the margin of error % will be calculated as follows:

\(^{10}\) Subject to all required data points being included, smelters may replace the transaction review section of the Audit Workbook for a similar format to present the data on all transactions within the audit period. The samples selected and reviewed by the auditor must be presented in the transaction review section of the Audit Workbook.

\(^{11}\) Smelters may physically receive material but only enter it into their material control system after initial analysis, finalization of contracting and / or transfer of ownership.

\(^{12}\) Subject to all required data points being included, smelters may replace the due diligence audit standard mass balance calculation for a similar format to present the data on inventory reconciliation. The auditor must include the standard mass balance calculation in the audit report.

\(^{13}\) This is the closing inventory (declared) from the audit before.
\[
\frac{(closing \ inventory \ (calculated) - closing \ inventory \ (declared))}{total \ material \ processed} \times 100 < 10\%
\]

where:

\(closing \ inventory \ (calculated)\) = closing inventory at the end date indicated in the transaction review section of the Audit Workbook calculated by the auditor based on transactions reported over the audit period by the auditee.

\(closing \ inventory \ (declared)\) = actual closing stock based on physical material inventory in existence at the end date indicated in the transaction review section of the Audit Workbook as determined by the auditee’s normal inventory calculation and reporting processes.

\(total \ material \ processed\) = the total metal content of the material processed by the auditee during the audit period. This will include (as relevant) ore, secondary material and internal recycle/reclaim, whether the auditee’s own material or material received for tolling.

6. Supplier Engagement (ALL SOURCES)

**OECD Guidance Reference:** “Companies should strengthen engagement with suppliers. A supply chain policy should be incorporated into contracts and/or agreements with suppliers. Where possible, assist suppliers in building capacities with a view to improving due diligence performance.”

Adherence to the supply chain policy shall be required as part of written agreements and/or contracts with suppliers that can be applied and monitored.

Auditees shall:

- Require suppliers to conduct basic Know Your Supplier (KYS) screenings of their suppliers including verification of individuals and entities that hold direct or indirect ownership stakes in the supplier against relevant sanction lists.\(^{14}\)
- Avoid cash transactions where practicable and ensure cash transactions are supported by verifiable information.
- Aim to establish long-term relationships with their immediate suppliers in order to increase leverage over the due diligence performance of each supplier.
- Consider ways to support and build capacities of suppliers to improve performance and conform to the auditee’s supply chain policy.
- Support the implementation of the principles and criteria of the Extractive Industry Transparency Initiative (EITI) individually or through joint efforts and through company participation in appropriate reporting. This reporting is required only in an implementing country of EITI.

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\(^{14}\) Examples of Government sanction lists include the US Department of Treasury OFAC Sanction Lists: [https://www.treasury.gov/resource-center/sanctions/Pages/default.aspx](https://www.treasury.gov/resource-center/sanctions/Pages/default.aspx) or the European Union EEAS’ Consolidated List of Sanctions: [https://eeas.europa.eu/headquarters/headquarters-homepage_en/8442/Consolidated%20list%20of%20sanctions](https://eeas.europa.eu/headquarters/headquarters-homepage_en/8442/Consolidated%20list%20of%20sanctions)
For suppliers and materials with identified red flags:

- Contractually require international traders and local exporters to provide proof of payment of taxes/payments, mineral origin and import/export information. This information can be disclosed to and held by an institutionalized mechanism.  

- Make the information gained related to company due diligence standards and processes available to downstream purchasers, auditors and any joint initiative or institutionalized mechanism, regional or global, with the mandate to collect and process information on minerals from CAHRAs, with due regard taken of business confidentiality and other competitive or security concerns.

7. **Grievance Mechanism (ALL SOURCES)**

**OECD Guidance Reference:** “Companies should establish a company-level, or industry-wide, grievance mechanism as an early-warning risk-awareness system.”

The auditee shall develop or refer to a mechanism allowing any interested party (affected persons or whistle-blowers) to voice concerns regarding the circumstances of mineral extraction, trade, handling and export.

The mechanism shall, at a minimum, include a process to investigate the concern or grievance received and, if applicable, determine appropriate corrective and preventive actions in accordance with Sections VIII.A.3 of this standard.

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15 An institutionalized mechanism is a body established at the industry’s initiative, supported by governments, and in cooperation with relevant stakeholders with the mandate to collect and process information on minerals from conflict-affected and high-risk areas. The institutionalized mechanism may implement or oversee audits.

16 A joint initiative in an industry-wide initiative enabling cooperation between companies, on responsible supply chain management meeting the due diligence principles, standards and processes of the OECD Guidance which may assist in establishing a system of controls over the supply chain to build leverage, overcome practical challenges and effectively discharge the due diligence recommendations contained in the OECD Guidance. The joint initiative may establish suitably qualified and independent on-the-ground assessment teams, including to report on risks, recommend risk management, engage stakeholders and measure progress as well as having information systems jointly accessible by companies.

17 This includes price information and supplier relationships. Such information can be disclosed to an Institutionalized mechanism, regional or global, with the mandate to collect and process information on minerals from conflict-affected and high-risk areas.

18 Responsible Minerals Assurance Process Grievances and Complaints Mechanism is available here:

http://www.responsiblemineralsinitiative.org/minerals-due-diligence/risk-management/grievance-mechanism
B. OECD Guidance: Step 1.C: System of Controls and Transparency and Step 2—Identification and Assessment of Supply-Chain Risk(s) – (B.1-B.3: ALL SOURCES; B.4 & 5 HIGH RISK SOURCES ONLY)

OECD Guidance Reference: “Due diligence is understood as an on-going proactive and reactive process whereby companies take reasonable steps and make good faith efforts to identify and respond to risks of contributing to armed conflict and serious abuses…This Guidance promotes progressive improvement to due diligence practices through constructive engagement with suppliers.”

The auditee shall implement due diligence as a continual, ongoing process and is expected to improve performance over time. The Assurance Process requires auditees to:

1) Design and implement due diligence management systems in conformance with the requirements of this Standard.
2) Identify, assess and mitigate risks related to the OECD Annex II Model Policy in the auditee’s supply chains from conflict-affected and high-risk areas.
3) Progressively work to improve the due diligence management system, including for example systems of control and transparency, risk assessment and risk mitigation for newly identified CAHRAs, while ensuring that progress is tracked and monitored.

Auditees may cooperate to carry out the recommendations in this section through joint initiatives. However, each auditee retains individual responsibility for their due diligence, and should ensure that all joint work duly takes into consideration circumstances specific to the individual company.

In order to identify and assess mineral supply chain risks, the auditee shall implement the following process.

1. Identification of Supplier and Material Source (ALL SOURCES)

The auditee shall ensure all suppliers and material are identified and sufficient documentation is obtained on the origin and chain of custody of material in accordance with the requirements of this Standard and its Annexes.

Identification of Suppliers

OECD Guidance Reference: “The company’s suppliers or other known upstream companies have shareholder or other interests in companies that supply minerals from or operate in one of the above-mentioned red flag locations of mineral origin and transit.”

The auditee shall establish and implement basic Know Your Supplier (KYS) requirements to determine the identity, type of business relationship and legality of business operations for each supplier of tungsten material. Suppliers included in this process shall be the auditee’s counterparty.

The process shall include, at a minimum:

- The establishment of the identity of the supplier, using reliable, independent source data or information;
The identification of ownership (including beneficial ownership) of the supplier and (where applicable) corporate structure;
- The verification of the supplier and their beneficial owners against relevant sanction lists19;
- Sufficient information to allow the auditee to maintain an understanding of the nature of the supplier’s business and the purpose of the business relationship.

The auditee is responsible for performing the KYS before entering into a business relationship with a supplier and throughout the business relationship.

**Identification of Material Category and Source**

The auditee shall identify the origin of materials and categorize the materials in accordance with their source using Table 4. See Annex V for more description of material types for each material category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Materials</td>
<td>Large-Scale Mining (LSM)</td>
</tr>
<tr>
<td></td>
<td>Artisanal and Small-Scale Mining (ASM)20</td>
</tr>
<tr>
<td>Intermediate Materials</td>
<td>Responsible Minerals Assurance Process (or equivalent21) validated smelter</td>
</tr>
<tr>
<td></td>
<td>Non-Responsible Minerals Assurance Process (or equivalent 22 ) validated smelter</td>
</tr>
<tr>
<td>Secondary Materials</td>
<td>Commercial</td>
</tr>
<tr>
<td>Legacy Materials</td>
<td>Any source</td>
</tr>
<tr>
<td>Assay Materials</td>
<td>Any Source</td>
</tr>
</tbody>
</table>

The auditee shall incorporate disclosure requirements on the origin and chain of custody of material into written agreements with suppliers that can be applied and monitored.

Documentation required by this standard is determined in accordance with the category and source of the material. The auditee shall refer to Annex I for guidance on the documentation requirements. The auditee shall establish and implement a procedure to review material and documentation received to determine:

19 Examples of Government sanction lists include the US Department of Treasury OFAC Sanction Lists: [https://www.treasury.gov/resource-center/sanctions/Pages/default.aspx](https://www.treasury.gov/resource-center/sanctions/Pages/default.aspx) or the European Union EEAS’ Consolidated List of Sanctions: [https://eeas.europa.eu/headquarters/headquarters-homepage_en/8442/Consolidated%20list%20of%20sanctions](https://eeas.europa.eu/headquarters/headquarters-homepage_en/8442/Consolidated%20list%20of%20sanctions), UN Sanctions Lists
20 Refer to Annex I for specific expectations around the determination of origin for ASM sources.
22 Ibid.
• The category of material and the applicability of the origin determination and chain of custody requirements. The auditee may use the flowchart in Figure 1 for this step of the procedure.
• The completeness of the documentation submitted by the supplier for any material supplied.

2. Identification of Conflict-Affected and High-Risk Areas (ALL SOURCES)

OECD Guidance Reference: “The minerals originate from or have been transported via a conflict-affected or high-risk area.”
“The company’s suppliers’ or other known upstream companies are known to have sourced minerals from a red flag location of mineral origin and transit in the last 12 months.”

The auditee shall design and implement a reasonable process to determine any CAHRAs as defined by the OECD Guidance in its supply chain.

**Conflict-affected and high-risk areas (CAHRAs):** Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterized by widespread human rights abuses and violations of national or international law.\(^1\)

The process shall include, at a minimum:
• The types of resources used by the smelter to identify CAHRAs;\(^23\);
• The criteria used by the auditee make a CAHRA determination;\(^24\);
• The frequency within which the determination is reviewed and updated.

The auditee shall record the countries and / or areas identified as CAHRA within its supply chain. The CAHRAs list shall include, at a minimum, countries identified as high-risk by relevant conflict minerals regulations.\(^25\)

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\(^{23}\) The smelter may refer to resources provided by joint initiatives, institutionalized mechanisms, or government bodies. The resources must cover the areas of conflict, governance, and human rights. Primary resources should be internationally-recognized, secondary resources could include other credible information sources.

\(^{24}\) The smelter must identify reasonable thresholds for determining CAHRAs, where indices are referenced.

\(^{25}\) The list of CAHRAs must include, at a minimum: 1) The Democratic Republic of the Congo (DRC) and its nine adjoining countries as outlined in Section 1502 of the Dodd Frank Act, namely Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia; and 2) the indicative list of CAHRAs provided by the European Commission pursuant to Article 14.2 of the European Union Regulation 2017/821 (once available and adopted by RMI).
Auditees may refer to RMI’s website\textsuperscript{26} for further resources on the identification of CAHRAs.\textsuperscript{27}

3. Determination of the Scope of the Risk Assessment (ALL SOURCES)

The auditee shall review the information collected in steps 1 and 2 above on the category and source of relevant material with a view to identify any red flags, inconsistencies, or discrepancies related to the supplier or material.

Review for Discrepancies

The auditee’s internal material control system shall ensure all material received is inspected to confirm the type, weight and source of the material. The extent of such investigations may vary based on the risk profile of the material source.

Review of Transportation Routes

\textbf{OECD Guidance Reference:} “\textit{The minerals are claimed to originate from a country in which minerals from conflict-affected and high-risk areas are known to transit.}”

“\textit{The company’s suppliers or other known upstream companies have shareholder or other interests in companies that supply minerals from or operate in one of the above-mentioned red flag locations of mineral origin and transit.}”

For primary material, the auditee shall take reasonable steps to understand the transportation route for each tungsten transaction. At a minimum, the auditee shall determine if tungsten received by the auditee:

1. Transits through a CAHRA as defined by the auditee;
2. Was originally mined in or purchased from a CAHRA as defined by the auditee.

Determine Plausibility

\textbf{OECD Guidance Reference:} “\textit{The minerals are claimed to originate from a country that has limited known reserves, likely resources or expected production levels of the mineral in question (i.e. the declared volumes of mineral from that country are out of keeping with its known reserves or expected production levels).}”

\textsuperscript{26}\url{http://www.responsiblemineralsinitiative.org/minerals-due-diligence-container/recognized-standards- or- programs/audit-cross-recognition/}

\textsuperscript{27}\url{http://www.responsiblemineralsinitiative.org/minerals-due-diligence/risk-management/conflict-affected-and-high-risk-areas/}
The auditee shall assess the plausibility\(^{28}\) of material coming from the declared sources. The auditee is responsible to determine plausibility and shall:

- Undertake reasonable efforts to understand production and export trends for countries and/or regional mining areas the auditee sources primary material from. Auditees may also use plausibility information provided by the program.
- Consider available information on the mining site such as geological studies, on-site visits or other data where the auditee has a direct relationship with a mine.
- Consider the type, volume and tungsten content of material received for secondary material.

Assess Red Flags
The auditee shall assess the occurrence of red flags related to primary tungsten material origin, transit and suppliers. The auditee shall consider the red flags defined by the OECD Guidance Supplement on Tin, Tantalum and Tungsten:

Red flag locations of origin and transit:
- The minerals originate from or have been transported via a conflict-affected and high-risk area.
- The minerals are claimed to originate from a country that has limited known reserves, likely resources, or expected production levels of the mineral in question (i.e. the declared volumes of mineral from that country are out of keeping with its known reserves or expected production levels).
- The minerals are claimed to originate from a country where relevant materials from CAHRAs areas are known to transit.

Supplier red flags:
- The company’s suppliers or other known upstream companies *in the supply chain* have shareholder or other interests in companies that supply relevant minerals from or operate in one of the above-mentioned red flag locations of mineral origin and transit.
- The company’s suppliers’ and/or other upstream companies are known to have sourced *relevant* minerals from a red flag location of mineral origin and transit in the last 12 months.

The auditee shall also take into account any other red flag(s) as defined in its management system. Such red flags may be based on the auditee’s industry knowledge or external resources related to CAHRAs.

For any origin or transit red flag, the risk is increased when anti-money laundering laws, anti-corruption laws, customs controls and other relevant governmental oversight laws are weakly enforced.

In each of the supplier-based red flag considerations, the risk increases if the supplier refuses to provide requested documentation or information.

\(^{28}\) Quantities reportedly available across an area are not directly relevant to one purchasing smelter, since other purchasers may be operating and taking additional unknown quantities from the same locations.

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The auditee shall implement a procedure to report any red flag or inconsistency to management responsible for due diligence. The auditee shall investigate and address any discrepancies, inconsistencies or other issues identified during the review of material and documentation received. The auditee shall physically segregate and secure any shipment with an unresolved inconsistency related to risks covered by the auditee’s Supply Chain Policy and shall take no further action until the inconsistency is resolved.
**Determine Sourcing Risk Level**

The auditee shall determine the sourcing risk level for each transaction of primary material in accordance with Table 3 & 4.

**Table 5: Definition of Low Risk Sources**

<table>
<thead>
<tr>
<th>Types of Tungsten</th>
<th>Definition of Low Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Material</td>
<td>No red flags as defined by this Standard in Table 6. Any other red flag identified by the auditee’s due diligence system, taking into consideration the OECD red flags, have been confirmed through reasonable Due Diligence to be low risk.</td>
</tr>
</tbody>
</table>

**Table 6: Definition of High Risk Sources**

<table>
<thead>
<tr>
<th>Types of Tungsten</th>
<th>Definition of High Risk</th>
</tr>
</thead>
</table>
| Primary Material  | The auditee has identified a red flag as per the list below during the review of the Know Your Supplier (KYS) process, the tungsten origin or transportation or has identified any other red flag that, taking into consideration the OECD red flags and after reasonable Due Diligence, cannot be confirmed to be low risk. At a minimum, the following criteria must be considered as red flag by the auditee:  
  1. Supply chains where tungsten material is mined in or transits through a CAHRA;  
  2. Primary tungsten material is claimed to originate in a country that has limited known reserves or stocks, likely resources or expected production levels of tungsten;  
  3. The tungsten supplier or other known upstream companies in the auditee’s tungsten supply chain operate in or have shareholder or other interests in tungsten suppliers located in a CAHRA;  
  4. Anomalies or unusual circumstances are identified by the auditee that give rise to a reasonable suspicion that the tungsten may contribute to conflict or serious abuses associated with the extraction, transport or trade of tungsten. |

4. **Identification of Supply-Chain Risk(s) (High Risk Sources Only)**

For auditees with high-risk sources as identified in Table 6 above, the auditee is required to complete the High-Risk Sources Workbook prior to the audit program. The High-Risk Sources Workbook:

- Specifies components that may be addressed by an upstream assurance mechanism and defines under what circumstances such components do not need to be included in the due diligence audit scope.
- Details OECD conformance expectations for high-risk sourcing.

For high-risk sources, the auditee shall map the factual circumstances of their supply chains, underway and planned, including:
• Assessing the context of CAHRAs;
• Clarifying the chain of custody;
• Assessing the activities and relationships of upstream suppliers;
• Identifying locations and qualitative conditions of the extraction, trade, handling, and export of minerals; and
• Conducting on-the-ground assessments.

5. Assessment of Supply Chain Risk(s) (HIGH RISK SOURCES ONLY)
The auditee shall assess presence and severity of risks in the supply chain by comparing the factual circumstances against the risks included in the OECD Guidance Annex II Model Supply Chain Policy, specifically:

• Serious abuses associated with the extraction, transport or trade of minerals:
  o Any forms of torture, cruel, inhuman and degrading treatment;
  o Any forms of forced or compulsory labor;
  o The worst forms of child labor;
  o Other gross human rights violations and abuses such as widespread sexual violence;
  o War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.
• Direct or indirect support to non-state armed groups.
• Direct or indirect support to public or private security forces.
• Bribery and fraudulent misrepresentation of the origin of minerals.
  o Money laundering.
  o Non-payment of taxes, fees and royalties to governments.

C. OECD Guidance: Step 3—Risk Management (HIGH RISK SOURCES ONLY)
Where risks are identified in the supply chain, it is the responsibility of the auditee to identify appropriate risk mitigation measures. The auditee shall:

• Report findings to senior management, outlining the information gathered and the actual and potential risks identified in the supply chain risk assessment.
• Devise and adopt a risk management plan, using a risk management strategy as defined in the OECD Guidance Annex II Model Supply Chain Policy. Risk mitigation strategies include:
  o Continuing trade throughout the course of measurable risk management efforts.
  o Temporarily suspending trade while pursuing ongoing mitigation efforts.
  o Disengaging with a supplier in cases where mitigation appears not feasible or unacceptable.
• In the design, implementation, and monitoring of risk mitigation, the auditee shall:

29 Auditees may rely on upstream assurance mechanisms to carry out the on-the-ground assessment, however the auditee remains individually responsible for following any of the recommendations put forward by assessment teams and acting on them.
30 See ILO Convention No. 182 on the Worst Forms of Child Labour (1999).
31 This includes direct or indirect finance or benefit to armed groups as defined in the Securities and Exchange Commission 17CFR Parts 240 and 249b (SEC Final Conflict Minerals Rule). To identify non-state armed groups, companies should refer to relevant UN Security Council resolutions.

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Build and/or exercise leverage over the actors in the supply chain who can most effectively and most directly mitigate the risks of adverse impacts.

Consult with suppliers, local and central authorities, and affected stakeholders to agree on the strategy for measurable risk mitigation in the risk management plan.

- Implement the risk management plan, monitor and track performance of risk mitigation, report back to senior management and consider suspension or discontinuation of the business relationship with the supplier(s) after failed attempts at mitigation.
- Consider establishing or supporting community-based networks to monitor risk mitigation.
- Maintain ongoing risk monitoring, evaluate the effectiveness of risk mitigation efforts and undertake additional fact and risk assessments, as required for risks requiring mitigation or after changing circumstances.

Measurable risk mitigation should result in significant and measurable improvement towards eliminating the identified risks within six months from the adoption of the risk management plan. If there is no such measurable improvement within six months, auditees should suspend or discontinue engagement with the supplier for a minimum of three months.

D. OECD Guidance: Step 5 – Public Reporting (ALL SOURCES)

Auditees shall publicly disclose information on their due diligence. Information shall be published directly by the auditee, for example by posting on a company website or industry association website as a mandatory requirement for any auditee participating in the program. Publication of such information shall pay due regard to business confidentiality and other competitive concerns.

Table 7 outlines the type of information and publication method to be applied by the auditee.

<table>
<thead>
<tr>
<th>Published by the auditee</th>
<th>Published by the program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain Policy</td>
<td>RMI Members</td>
</tr>
<tr>
<td>Audit Summary Report</td>
<td>Aggregated Country of Origin Information:</td>
</tr>
<tr>
<td>OECD Step 5 Due Diligence Report</td>
<td>• Low-risk</td>
</tr>
<tr>
<td>(See Annex V)</td>
<td>• High-Risk</td>
</tr>
<tr>
<td>Any other information deemed appropriate</td>
<td>• DRC</td>
</tr>
<tr>
<td>by the auditee</td>
<td>• Recycle/Scrap</td>
</tr>
<tr>
<td></td>
<td>Public&lt;sup&gt;32&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• Smelter ID number</td>
</tr>
<tr>
<td></td>
<td>• Auditee Name</td>
</tr>
<tr>
<td></td>
<td>• Country</td>
</tr>
<tr>
<td></td>
<td>• Group Company Name</td>
</tr>
<tr>
<td></td>
<td>• Conformance Status&lt;sup&gt;33&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• Link to Supply Chain Policy</td>
</tr>
<tr>
<td></td>
<td>• Link to Audit Summary Report</td>
</tr>
<tr>
<td></td>
<td>• Link to Due Diligence Report</td>
</tr>
</tbody>
</table>

<sup>32</sup> Information will be published on the program’s website: [http://www.responsiblemineralsinitiative.org/smelters-refiners-lists/](http://www.responsiblemineralsinitiative.org/smelters-refiners-lists/)

<sup>33</sup> Via inclusion on the program’s list of auditees in conformance with this standard or Active Smelter List for auditees actively participating in this assurance process.

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IX. ANNEXES

Annex I: Review of Material Transactions
Auditors will review country of origin and chain of custody documentation to test the implementation of management systems. Such documentation exists in forms that vary by country, region and company. While this Annex includes guidance on the types of documents that can be used to successfully demonstrate origin, chain of custody and due diligence, other forms may equally be used by the auditee to demonstrate the effective implementation of management systems.

The extent of origin and chain of custody documentation required for the auditee’s due diligence will depend on the material category and on whether the origin is low-risk or high-risk. If a shipment of material is received by the auditee and contains a combination of both low-risk and high-risk origin material, the documentation requirements shall follow that of high-risk.

A. Primary Material Low-risk Sourcing

<table>
<thead>
<tr>
<th>Expectation</th>
<th>Level</th>
<th>Data Points</th>
<th>Example Document Types</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country of Origin</td>
<td>Transaction</td>
<td>Type of material; country of origin of the material, identification of the mine site or region of origin for ASM</td>
<td>- Customs export record</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Official (e.g., government-issued) country of origin certificate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Official (e.g., government-issued) mine license</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Purchase order or contract showing mine name</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>For ASM sources: Documentation indicating the region of origin within the country, such as a declaration of ASM region of origin from the exporter, trader, supplier, etc. or immediate supplier for domestic sourcing, is acceptable to demonstrate origin for ASM.</td>
</tr>
<tr>
<td>Know Your Supplier (KYS)</td>
<td>Supplier</td>
<td>Identity, type of business relationship and legality of business operations.</td>
<td>- Business license,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Business structure and registration,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Individual identification piece(s),</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- KYS questionnaires, World-Check or Dow Jones Watchlist and primary</td>
</tr>
</tbody>
</table>

34 Replaces export record for domestic source”
Chain of Custody | Transaction | Chain of custody documentation is not systematically required for low-risk sources. If the auditor detects any inconsistencies or discrepancies during the review of supplier KYS and/or country of origin documentation, he/she may request the auditee to provide additional documentation for selected transactions.

### B. Primary Materials High-Risk Sourcing

**TABLE 9: PRIMARY MATERIAL HIGH-RISK**

<table>
<thead>
<tr>
<th>Expectation</th>
<th>Level</th>
<th>Data Points</th>
<th>Example Document Types (not every document is necessary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Context</td>
<td>Country/ Area</td>
<td>Political, economic, social and security context of the CAHRA.</td>
<td>UN Reports, NGO Reports, Governance Assessments, Media reports</td>
</tr>
<tr>
<td>Know Your Supplier (KYS)</td>
<td>Supplier</td>
<td>Identity, type of business relationship and legality of business operations, the ownership (including beneficial ownership) and corporate structure of the supplier and/or in-country exporter, including the names of corporate officers and directors; the business, government, political or military affiliations of the company and officers.</td>
<td>Business license, Business structure and registration, Individual identification piece(s), KYS questionnaires, World-Check or Dow Jones Watchlist and primary sources of sanctions / blacklists such as UN sanctions, OFAC lists (US Gvmt), EU sanctions, Interpol, other relevant Gvmt lists, Upstream actor visits / audit reports, Identity of beneficial owners</td>
</tr>
<tr>
<td>Country of Origin</td>
<td>Transaction</td>
<td>Type of material; mine and country of mineral origin.</td>
<td>Customs export record, Official (e.g., government-issued) country of origin certificate</td>
</tr>
<tr>
<td>Country of Origin</td>
<td>Country / Area</td>
<td>Validate origin as known production areas and substantiate the output declared by the source / mine. Quantity, dates and method of extraction (ASM or LSM).</td>
<td>For ASM sources: Mine visit reports from smelter, supplier or other representative&lt;sup&gt;35&lt;/sup&gt;</td>
</tr>
<tr>
<td>-------------------</td>
<td>----------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Chain of Custody / Traceability</td>
<td>Transaction</td>
<td>Identification of all location(s) in the supply chain including mine site, trading house, exporter and processors. For each independent section of the domestic and international transportation route, physical location of origin of the shipment; physical location of final destination of the shipment, description of the material (type and weight) and date of physical transportation / arrival date of the material.</td>
<td>Traceability: &lt;br&gt; - Traceability reports, &lt;br&gt; - Reference / shipment numbers &lt;br&gt; Domestic Transportation: &lt;br&gt; - Trucking documentation or transportation logs &lt;br&gt; - Warehouse receipts &lt;br&gt; - Contract showing transporter name &lt;br&gt; - Invoices from appointed transport agent &lt;br&gt; - License from appointed transport agent &lt;br&gt; - Inland forwarding note &lt;br&gt; International Transportation: &lt;br&gt; - Airway Bill &lt;br&gt; - Bill of lading (by sea) &lt;br&gt; - Through bill of lading &lt;br&gt; - Customs import record (smelter’s country)</td>
</tr>
<tr>
<td>Legality</td>
<td>Supplier / Transaction</td>
<td>All taxes, fees or royalties paid to government for the purposes of extraction, trade, transport and export of minerals;</td>
<td>- Customs export record; &lt;br&gt; - Supplier or in-country exporter financial reports; &lt;br&gt; - Contracts with public or private security forces</td>
</tr>
</tbody>
</table>

<sup>35</sup> Replaces export record for domestic source

<sup>36</sup> Ensure that assessors are independent from the activity being assessed and free from conflicts of interest. Company assessors must commit to reporting truthfully and accurately and upholding the highest professional ethical standards and exercise due professional care.
<table>
<thead>
<tr>
<th>Supply Chain Mapping</th>
<th>Supplier</th>
<th>Locations where minerals are consolidated, traded, processed or upgraded; the identification of all upstream intermediaries, consolidators or other actors in the upstream supply chain; transportation routes.</th>
<th>- Supply chain map, - Traceability reports, - Contracts / agreements, - Mine site declarations or visit reports identifying actors in the supply chain.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Assessment</td>
<td>Country / Area</td>
<td>Qualitative information on conditions in the supply chain. Issues included: - Presence and / or involvement of non-state armed groups(^{37}) - Occurrence of serious human rights abuse - Occurrence of worst forms of child labor(^{38}) - Occurrence of forced labor - Presence and role of public or private security forces - Occurrence of bribery, money laundering or non-payment of taxes, fees and royalties</td>
<td>- KYS documentation, - Upstream actor visits or audit reports, - Incident monitoring reports, - NGO or other stakeholder reports.</td>
</tr>
<tr>
<td>Risk Assessment</td>
<td>Supplier / Transaction</td>
<td>Name of actors involved, name and location of mine site(s) involved, type of risk (s), description of incident (s), description of immediate mitigation measures (where applicable).</td>
<td>- On-the-ground assessment team, - Upstream actor visits or audit reports, - Upstream risk assessment reports, - Incident monitoring reports</td>
</tr>
</tbody>
</table>

\(^{37}\) This includes direct or indirect finance or benefit to armed groups as defined in the Securities and Exchange Commission 17CFR Parts 240 and 249b (SEC Final Conflict Minerals Rule). To identify non-state armed groups, companies should refer to relevant UN Security Council resolutions as well as OFAC.

\(^{38}\) See ILO Convention No. 182 on Worst Forms of Child Labor (1999).
C. Secondary Materials

**TABLE 10: SECONDARY MATERIALS**

<table>
<thead>
<tr>
<th>Material Type</th>
<th>Expectation</th>
<th>Example Document Types (Not every document is necessary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary Materials³⁹</td>
<td>Source</td>
<td>Description of the material and / or information on the composition of the material confirming that it is secondary. Examples includes:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Analysis data,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Information on physical form such as photos, or explicit descriptions of the material lot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Direct supplier contract and / or purchase agreement containing description of the material supplied;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>KYS information from the direct supplier (examples are included in Annex I.A. Table 8above).</td>
</tr>
</tbody>
</table>

³⁹ Additional details available in Annex V.

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D. Legacy Materials
Primary material verified to have been created in the current form prior to 31st January 2013 do not require a determination of origin or other due diligence evaluation.

Auditees shall provide sufficient documentation to demonstrate the legacy materials had been created in the current form prior to 31st January 2013.

E. Assay Samples
Assay samples and other small quantities of less than 10kg of materials are excluded from origin and due diligence requirements provided the aggregate amount received by the auditee over the audit period is less than 0.3% of the total receipts over the same period.

Larger samples (more than 10kg), provided the aggregate amount received by the auditee over the audit period is less than 0.3% of the total receipts over the same period, require reduced documentation. The auditee shall provide reasonable evidence to demonstrate that the material is intended for purposes of testing and development and not production.
Annex II: Origin Determination Requirements for Intermediate Material or Products Received from a Third Party

Intermediate material or products may originate from sources including:

- Conformant (Responsible Minerals Assurance Process or equivalent) smelters;
- Non-conformant (Responsible Minerals Assurance Process or equivalent) smelters;
- Warehouses or exchanges;
- Other third parties, including tungsten product manufacturers.

**TABLE 11: SUPPLYING SMELTER AND EXCHANGES**

<table>
<thead>
<tr>
<th>Supplier Type</th>
<th>Requirement</th>
<th>Example Document Types (Not every document is necessary)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Conformant (Responsible Minerals Assurance Process or equivalent) smelters</strong></td>
<td>Deliveries of materials from a Responsible Minerals Assurance Process (or equivalent) conformant smelter (this includes material from a Responsible Minerals Assurance Process smelter via traders) do not need independent country of origin determination. Documentation requirements are significantly reduced, regardless of the level of risk associated with the type and source of the materials.</td>
<td>• Certificate of Analysis (CoA) or other appropriate documentation showing production date of the smelted material (this will be compared to the period during which the smelter was listed as “compliant” by the Responsible Minerals Assurance Process or equivalent program). • Identity of the supplying smelter</td>
</tr>
</tbody>
</table>
| **Non-conformant (Responsible Minerals Assurance Process or equivalent) smelters** | Non-conformant (Responsible Minerals Assurance Process or equivalent) smelters include any smelter that has not been audited and found conformant, including:  
- Responsible Minerals Assurance Process active smelters  
- Extended Corrective Action Plan Smelters  
- Smelters without a program Company Identification Number (CID Number)  
- Any other smelter that has not been audited and found conformant by the Responsible Minerals Assurance Process or an equivalent program | • Identity of the supplying smelter; • Transport documentation from the supplying smelter; • Records identifying specific inputs used for the production of materials received from the supplying smelter; OR • Audit Workbook (or equivalent) from the supplying smelter; |

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40 Training and further guidance on audit requirements for supplying smelters and exchanges is available on the Responsible Minerals Assurance Process e-learning Academy (https://responsibleminerals.litmos.com).

41 In accordance with Section VI.C, suppliers of synthetic scheelite or crude sodium tungstate are not considered a smelter as defined by this standard and consequently, are not subject to the requirements outlined in this table.
Materials sourced from non-conformant (Responsible Minerals Assurance Process or equivalent) smelters have not been validated yet and require the following steps:

**Step A:** Determine the material initially sourced by the supplying smelter and that were used to produce the materials received by the auditee. If specific inputs cannot be identified by the supplying smelter, all inputs of the supplying smelter must be validated. If specific inputs by mass can be identified then not all inputs need to be validated.

Auditees must conduct the same process of determination of applicability and origin determination for the specific inputs identified or, if that is not possible, ALL inputs used by the supplying smelter. All documentation shall be requested from the supplying smelter.

**Step B:** Determination of applicability of the origin determination, see Figure 1.
- Identify the type of material purchased by the supplying smelter.
- Use Figure 1 to determine if the material requires full origin determination.

**Step C:** Implement the system of supply chain control and transparency; see Section VIII for detailed requirements.
- Conduct the plausibility assessment for all material purchased by the supplying smelter.
- Collect and review origin documentation in accordance with the type of material sourced as outlined in Annex I of this Audit standard.

**Step D:** Conduct the risk assessment for all material origin purchased by the supplying smelter. See section VIII. B. and C for detailed requirements.
- Determine the category of material
- Determine the risk level
- Conduct the risk assessment

- Documentation of origin for each material used by the supplying smelter to produce the materials received, in accordance with the tables in Annex I.
• For high-risk sourcing, conduct risk assessment and management in accordance with the OECD Guidance.

**Upstream facilities**  
(Producers of synthetic scheelite and crude sodium tungstate)

Suppliers that exclusively provide synthetic scheelite and / or crude sodium tungstate to the auditee are subject to reduced due diligence requirements.

The auditee’s due diligence shall include:

- Confirmation that the suppliers exclusively provided synthetic scheelite and / or crude sodium tungstate to the auditee during the audit period.
- Full KYS documentation in accordance with Section VIII.B.1. of this Standard.
- Supplier declaration of type of material used to produce the synthetic scheelite and / or crude sodium tungstate. For primary materials used, supplier declaration of all countries of origin.
  - If any primary material originated in a CAHRA, the full requirements of a supplying smelter apply to the supplier.
- Regular, at least annual, onsite visits by the auditee at the supplier to confirm the supplier declaration.
- If there are any inconsistencies identified by the auditee during the due diligence, the full requirements of a supplying smelter apply to the supplier.

**Tungsten materials obtained from warehouses / exchanges**

Materials demonstrated to be from a Responsible Minerals Assurance Process (or equivalent) conformant smelter and produced within that smelter’s conformance period:

- Conformant (Responsible Minerals Assurance Process, or equivalent) smelters requirements apply, see above.

Materials produced by a non-conformant (Responsible Minerals Assurance Process or equivalent) smelter or produced outside of the conformance period:

- Documentation in accordance with the requirements listed above for:
  - Conformant (Responsible Minerals Assurance Process or equivalent) smelters
  - Non-conformant (Responsible Minerals Assurance Process or equivalent) smelters
- Warehouse notice / release warrant

• Identity of the supplier of synthetic scheelite and / or crude sodium tungstate;
• KYS documentation (see Annex I, Table 8);
• Supplier material declaration;
• Onsite visit reports;
• Other documentation as required for supplying smelters (if applicable).
| Downstream Program conforming companies | Material demonstrated to be from a Downstream Program conforming company is subject to the same requirements as material from a Responsible Minerals Assurance Process (or equivalent) conformant smelter within the company’s conformance period. | • Identity of the supplying company;  
• Documentation showing production date of the material (this will be compared to the conformance period of that company). |

| | • Non-conformant (Responsible Minerals Assurance Process or equivalent) smelters requirements apply, see above. The auditee remains responsible for obtaining the required documents directly from the warehouse operator, the trader, or the supplying smelter. | • Transport documentation from the warehouse / exchange |
Annex III: OECD Step 5 Smelter Public Report

The OECD Guidance encourages auditees to publish annual reports on supply chain due diligence policies and practices with due regard to business confidentiality and other competitive concerns. Business confidentiality and other competitive concerns means price information and supplier relationships without prejudice to subsequent evolving interpretation\(^\text{42}\).

As auditees of this program are considered an upstream entity for the purposes of the OECD Guidance, they must conform to the OECD Step 5 reporting requirements for upstream companies. The Responsible Minerals Assurance Process requires all auditees to report publicly on their due diligence program.

Below is an outline of categories that are recommended to be included in these reports. This outline is recommended for all auditees; however, the scope and level of detail may reasonably be reduced in low-risk contexts. It is recommended to provide examples where possible to illustrate application of due diligence concepts.

1. Auditee Introduction
   a. Auditee Name
   b. Smelter Company ID (CID)
   c. Location
   d. 3TG materials processed

2. Audit Summary
   a. Date of last audit
   b. Audit period
   c. Lead auditor name
   d. Link to most recent publicly available audit summary report

3. Company Management System
   a. Supply Chain Policy
   b. Management Structure and Responsibility
   c. System of Controls and Transparency
   d. Record keeping system

4. Risk Assessment
   a. Risk assessment process, methodology and results
   b. Methodology, practices and information yielded in on-the-ground assessments

5. Risk Management
   a. Risk mitigation strategy
   b. Involvement of affected stakeholders
   c. Descriptions of efforts to track and monitor progress

\(^{42}\) OECD Guidance Edition 3, Tin and Tantalum Supplement, p.52 and Footnote 34
6. OPTIONAL: Description of other issues and / or risks beyond Annex II of the OECD Guidance included in the due diligence system (e.g., Environment; Health & Safety; Child Labor, all forms)

Where the auditee utilizes an upstream assurance mechanism, some of the information may be published by this system and does not need to be repeated by the auditee. This applies, in particular, to descriptions of methodologies or systems of control over the supply chain. It is the responsibility of the auditee to request and obtain this information from the upstream assurance mechanism and to make it available for the due diligence audit. Auditees, auditors, and the program may be subject to confidentiality agreements in regards to information generated by the upstream assurance mechanism.
Annex IV: Tungsten Material Types Secondary Material Examples

Tungsten containing materials originating from recycled metals (referred to in this standard as secondary materials, also commonly referred as recycle / scrap) as defined by the OECD Guidance\(^4\) are “reclaimed end-user or post-consumer products, or scrap processed metals created during product manufacturing including: excess, obsolete, defective, and scrap metal materials which contain refined or processed metals that are appropriate to recycle in the production of” tungsten. “Minerals partially processed, unprocessed or a by-product from another ore are not recycled metals.”

Tungsten secondary materials come largely in two distinguishing forms, referred to as soft and hard scrap, examples of which are given in Table 14 and / or Table 15. Origin of secondary materials outside of the traditional soft / hard scrap format may need to be further substantiated by the auditee.

**Table 14: Examples of soft secondary material (‘soft scrap’)**

<table>
<thead>
<tr>
<th>Name</th>
<th>Source</th>
<th>Process of generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard metal grinding sludge</td>
<td>Companies producing hard metal tools like drills, inserts, wear parts, pistons for high pressure pumps, teeth for carbide-tipped saw blades, etc.</td>
<td>Hard metal is produced from tungsten carbide powder mixed with cobalt powder. These powder mixtures are pressed in forms close to end shape. The pressed parts are sintered. Afterwards ground to end shape. Grinding of hard metal tools like drills and inserts is done with grinding discs in the presence of cooling liquid. Grinding dust is transported away by the liquid. Liquid is purged by filters. In these filters, the grinding sludge is accumulated and disposed into drums.</td>
</tr>
<tr>
<td>Hard metal powder and pre-sintered chunks</td>
<td>Companies producing hard metal tools like drills, inserts, wear parts, pistons for high pressure pumps, teeth for carbide-tipped saw blades etc.</td>
<td>Out of spec mixtures or pressed parts are sold for recycling.</td>
</tr>
<tr>
<td>Other tungsten containing grinding sludge</td>
<td>Companies producing parts of W metal powder as penetrators for grenades or other ammunition, counter weights for planes and motors</td>
<td>Parts are finished by grinding after sintering. See description for Hard metal grinding sludge process above.</td>
</tr>
<tr>
<td>Other tungsten containing powder</td>
<td>Companies producing parts of W metal powder as penetrators for grenades or other ammunition,</td>
<td>Out of spec mixtures or pressed parts are sold for recycling.</td>
</tr>
</tbody>
</table>

---

\(^4\) OECD Due Diligence Guidance for Responsible Supply Chains on Minerals from Conflict-Affected and High-Risk Areas
[http://www.oecd.org/document/36/0,3746,en_2649_34889_44307940_1_1_1_1,00.html]

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### Table 15: Examples of Hard Secondary Material (‘Hard Scrap’)

<table>
<thead>
<tr>
<th>Name</th>
<th>Source</th>
<th>Process of generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard metal chips and parts like drills inserts, cutters, wear parts,</td>
<td>Scrap traders / collectors. Companies using hard metal tools for</td>
<td>At the end of life, when re-sharpening, etc. is not possible any more, tools are disposed and sold to smelters or to scrap traders, who collect the</td>
</tr>
<tr>
<td>pistons, reamers, mining bits, drawing dies, punches</td>
<td>machining, drilling like automotive, general engineering, oil and gas</td>
<td>materials from many different sources. Also comprises off spec products that are directly discharged by manufacturers.</td>
</tr>
<tr>
<td></td>
<td>exploration, high pressure pumps in chemical industry, etc.</td>
<td></td>
</tr>
<tr>
<td>Other tungsten metal parts and chips, like high voltage circuit</td>
<td>Scrap traders / collectors. Companies using tungsten alloys for</td>
<td>End of life parts, off spec parts, chips from machining these parts in production, penetrators and / or other deactivated and disassembled</td>
</tr>
<tr>
<td>breakers, counter weights, rolls from steel industry, etc.</td>
<td>diverse applications.</td>
<td>ammunition, etc. are collected and sold.</td>
</tr>
</tbody>
</table>
Annex V: Definition of Terms and Acronyms

Agreement for Exchange of Confidential Information (AECI): Non-disclosure agreement

Ability to convert: Direct, in-house capability to chemically or thermally convert materials and is not applicable to companies that wholly contract or sub-contract those processes.

Artisanal and Small-Scale Mining (ASM): Formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation. ASM is normally low capital intensive and uses high labor-intensive technology. “ASM” can include men and women working on an individual basis as well as those working in family groups, in partnership, or as members of cooperatives or other types of legal associations and enterprises involving hundreds or even thousands of miners.44

ARC: Audit Review Committee. The ARC reviews audit reports for consistency in implementing the audit standard and it makes a conformance determination. ARC also reviews corrective actions when completed.

Audit: an evaluation of a person, organization, system, process, enterprise, project or product.

Audit period: The period of time covered by the Audit Workbook, typically one year.

Auditee: The entity or entities included in the scope of the due diligence audit.

Bill of Lading: A document issued by a carrier, or its agent, to the shipper as a contract of carriage of goods. It is also a receipt for cargo accepted for transportation and must be presented for taking delivery at the destination.45

Closing Inventory (declared): Closing inventory at the end date indicated in the transaction review section of the Audit Workbook based on normal inventory calculation and reporting processes of the auditee, declared by the auditee. Inventory may be physical or calculated as appropriate for the business circumstances of the auditee.

Closing Inventory (calculated): Closing inventory at the end date indicated in the transaction review section of the Audit Workbook calculated by the auditor based on transactions reported over the audit period by the auditee.

CoA: Certificate of Analysis which will show production date, or in the case of non-registered metal brands, similar appropriate documentation.

Conflict Minerals: cassiterite, columbite-tantalite, gold, wolframite, or their derivatives, or any other minerals or their derivatives determined by the United States Secretary of State to be financing conflict in the Covered Countries.

44 OECD Guidance for Responsible Supply Chains on Minerals from Conflict-Affected and High-Risk Areas, Third Edition
45 http://www.businessdictionary.com/definition/bill-of-lading-B-L.html

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Conflict-Affected and High-Risk Areas (CAHRAs): Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterized by widespread human rights abuses and violations of national or international law.46

Continual Improvement: A set of recurring activities that are carried out in order to enhance performance. Continual improvements can be achieved by carrying out audits, self-assessments, and management reviews. Continual improvements can also be realized by collecting data, analyzing information, setting objectives, and implementing corrective and preventive actions.

Country of Origin: The country where the ore was mined.

Covered Countries: The Democratic Republic of the Congo (DRC) and its nine adjoining countries as outlined in Section 1502 of the Dodd Frank Act, namely Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia.

Critical Information: For the purpose of this audit standard, “critical information” refers to any and all information related to the auditee’s due diligence and that is necessary for all parties involved in the program, specifically employees and suppliers, to effectively carry out the tasks and responsibilities assigned to them as part of the program.

Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd Frank Act): A federal statute in the United States that was signed into law on July 21, 2010. Section 1502 added Section 13(p) to the Securities Exchange Act of 1934, which requires the Securities and Exchange Commission to promulgate rules requiring issuers with conflict minerals that are necessary to the functionality or production of a product manufactured by such entity to disclose annually whether any of those materials originated in the Democratic Republic of the Congo or an adjoining country. http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf

EICC: Electronic Industry Citizenship Coalition

Estimated Losses: Unrecoverable production losses, for example in filter cakes together with insoluble or precipitated contaminants (APT production) or in melt residues (ferro tungsten). For example, typical losses during APT production alone are 5%. Losses are process-specific and depend on raw material quality. Low grade raw materials entail typically higher relative losses.

GeSI: Global e-Sustainability Initiative

High-Risk Source: A conflict-affected and high-risk area where the mineral origin and / or supplier red flags evaluation, according to the OECD Supplement on Tin, Tantalum and Tungsten, determines a risk and that enhanced due diligence applies.

46 OECD Guidance for Responsible Supply Chains of minerals from Conflict Affected and High-Risk Areas, Third Edition
**Immediate supplier:** The company which supplies material to the smelter in the supply chain, which may be suppliers such as a mining entities, traders, other smelters, or downstream users.

**Inland forwarding note:** Refers to a transportation document from the importing country to the auditee. It generally refers to overland transportation, but can refer to a document demonstrating transportation from the sea or airport to the auditee where a bill of lading or import record is unavailable.

**Institutionalized Mechanism:** A body established at the industry’s initiative, supported by governments, and in cooperation with relevant stakeholders with the mandate to collect and process information on minerals from conflict-affected and high-risk areas. The institutionalized mechanism may implement or oversee audits.

**Internal Material Control Systems:** These systems serve to validate the auditee’s ability to record, control and monitor the material received, stored, processed or otherwise handled by the auditee.

**Inventory** (whether calculated or declared): Will include stocks of ore, secondary material, and finished product, work in progress materials not calculated in stocks, and similar material.

**ISO:** International Organization for Standardization

**Joint initiative:** Industry-wide initiative enabling cooperation between companies, on responsible supply chain management meeting the due diligence principles, standards and processes of the OECD Guidance which may assist in establishing a system of controls over the supply chain to build leverage, overcome practical challenges and effectively discharge the due diligence recommendations contained in the OECD Guidance. The joint initiative may establish suitably qualified and independent on-the-ground assessment teams, including to report on risks, recommend risk management, engage stakeholders and measure progress as well as having information systems jointly accessible by companies.

**Large-Scale Mining (LSM):** For the purposes of this document, the definition includes all formal operations characterized by substantial capital, heavy equipment, high technology and a significant workforce (large and medium in size) not considered to be within the ASM definition.

**Legacy Material:** Material verifiable to have been created in the current form prior to 31st January 2013.

**Low-risk Source:** Areas with known active ore production for tungsten that are not identified as conflict-affected and high-risk.

**Mass balance:** Method by which auditors will verify the quantity of material received and in inventory during the audit period matches that expected from the transaction records, taking into account the possible error margin of inventory, stock, and loss estimation.

**Opening Inventory (declared):** Opening inventory at the start date indicated in the transaction review section of the Audit Workbook based on the inventory calculation and reporting processes of the auditee and declared by them. Inventory may be physical or calculated as appropriate for the business circumstances of the auditee.

**Origin**: The location where the ore was mined, to the best detail possible. At a minimum, the description must include the country, but province/state, city, mine site and mine name are further details that are helpful to locate the origin.

**Outside the supply chain**: Per the Dodd-Frank Act, this refers to conflict minerals that have been smelted or fully refined, or if they have not been smelted or fully refined, are outside the “Covered Countries”, prior to January 31, 2013.

**Qualification Status**: Conformance with the standard at all times.

**Primary Material**: Mined materials or substances used in the primary production of metals.

**Product shipments**: Include any finished good and secondary, intermediate, semi-processed, or other materials that are sold and then shipped out of the facility during the audit period.

**Receipts**: All material received during the audit period. To be used as part of the Mass Balance calculation.

**Refining**: Process of purification of a (1) substance or a (2) form; the term is broad, and may include more drastic transformations, such as the reduction of ore to metal.\(^{47}\)

**Responsible Minerals Assurance Process**: Formerly known as the Conflict Free Smelter Program (CFSP).

**RCOI**: Reasonable Country of Origin Inquiry, a requirement of the Dodd Frank Act Section 1502.

**Risk-Based Audit Program**: A [program](http://www.sec.gov/rules/final/2012/34-67716.pdf) that allows low-risk auditees, defined as auditees in Low-risk Countries that only sourcing domestic material to qualify for this program.


**Secondary Materials**: Commonly referred to as recycle/scrap. Recycled metals as defined by the OECD Guidance, and referenced by the U.S. Securities and Exchange Commission are ‘reclaimed end-user or post-consumer products, or scrap processed metals created during product manufacturing including: excess, obsolete, defective, and scrap metal materials which contain refined or processed metals that are appropriate to recycle in the production of tungsten. As defined by the OECD Guidance, minerals partially processed, unprocessed, or a byproduct from another ore (for example, slags) are not recycled or secondary materials. See Annex V for additional examples.

**Scheelite**: a calcium tungstate mineral with the chemical formula CaWO4.\(^{48}\)

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Smelter Company Identification Number (CID): Unique numeric identification number for smelter facilities, assigned by the program.

Supplying smelter: When an auditee receives material from another entity, the supplying smelter is the last point in the supply chain in which the material was processed. Trading companies and other pass-through segments of the supply chain would not be considered supplying smelters.

Synthetic scheelite: Chemically produced scheelite


Tolling: A transaction where materials are processed by a smelter on behalf of a client who retains ownership of the agreed to elements and/or volume of those materials.

Total material processed: With respect to the mass balance calculation, this term refers to total metal content of the material processed by the auditee during the audit period. This will include as relevant ore, secondary material and internal recycle/reclaim, whether the auditee’s own material or material received for toll processing.

Tungsten intermediates: Tungsten intermediates play an important role in the tungsten supply chain as many smelter-level facilities use intermediates produced by other smelters as part of their raw material base. Commonly traded intermediates comprise APT (ammonium paratungstate, \((\text{NH}_4)_10(\text{H}_2\text{W}_{12}\text{O}_{42})\cdot4\text{H}_2\text{O}\)), BTO (blue tungsten oxide, \(\text{WO}_3\cdot3\cdot\text{H}_2\text{O}\)) and YTO (yellow tungsten oxide, \(\text{WO}_3\cdot\text{H}_2\text{O}\)). ST (sodium tungstate, \(\text{Na}_2\text{WO}_4\)) is a precursor to the APT production and traded in either unrefined (crude ST) or refined (cleaned) form.

Upstream Assurance Mechanism: A system that provides upstream actors with the necessary due diligence and/or chain of custody requirements to help conform to the OECD Due Diligence Guidance. These mechanisms may be third party entities or industry wide initiatives. In all cases, upstream entities retain individual responsibility for their due diligence.

Wolframite: an iron manganese tungstate mineral with chemical formula \((\text{Fe, Mn})\text{WO}_4\) with the end members ferberite (iron) and huebnerite (manganese).
Annex VI: Resources

Audit Program Documents

Standard and Guidance Documents
- TI-CMC: http://ti-cmc.org/

Conflict-Affected and High-Risk Areas
- List of currently approved upstream assurance mechanisms can be found here: www.responsiblemineralsinitiative.org/minerals-due-diligence-container/recognized-standards-or-programs/upstream-assurance-mechanisms/
- Production statistics related to tungsten production:
  - http://www.itia.info/
Annex VII: Effective Date & Revision History

This revision of the audit standard replaces all prior versions and is in effect as of the date identified on the cover page as the “Effective Date.” For those audits already scheduled prior to the “Effective Date,” the smelter will have the option of conducting their audit using either the prior or current versions of the audit standard. All audits scheduled after the “Effective Date” must use the most current version of the audit standard which is identified by the “Publication Date” on the cover page of each revision.
Annex VIII: Revision History

Rev 2020 – Clarification on minimum requirement for CAHRAs identification in alignment with the existing conflict minerals regulation; clarification on EITI reporting requirement; clarification on mine site assessment assessor independence in alignment with the OECD guidance.

Rev 2019 – Added terms/definitions; addressed 2018 comments from the OECD Alignment Assessment.

Rev 2017 – Revised program name from “Conflict Free Smelter Program” to “Responsible Minerals Assurance Process”, aligned with OECD Guidance five step framework and ISO management systems requirements, expanded definition of high-risk countries to include global scope for conflict-affected and high-risk areas, re-categorized country levels from a numeric category (e.g. Level 1) to Low-risk and High-Risk, revised review of transactions to focus on the audit of management systems and processes, removed requirement for chain of custody documentation for low-risk sources, removed procedural aspects, clarified origin determination requirements, consolidated document examples for high-risk sources including data points and aligned with OECD Guidance requirements, improved definitions for companies in scope, reformatted.

Rev 2013 - Creation of W Audit Standard based upon the 3Ts Harmonized Standard Rev 21 December 2012. All sections modified in conjunction with the Ti-CMC to create this CFSP Audit Standard applicable to W only.

Rev 2012 - merged tin, tantalum and tungsten standards into one 3T’s document. Separated the audit procedure into a separate document. Major reorganization of the content from prior document revisions. Removal of the list of smelters. Addition of secondary materials sampling procedure. Merger of formal level 2B and Level 3 country expectations into a new Level 3, and renaming of Level 2A countries to Level 2. Major realignment of Level 3 documentation requirements with the OECD guidance. Establishment and revision of documentation expectation dates for stocks (legacy materials) and partially-processed byproduct materials (i.e. slag)

Rev 2011 - Initial release of the Tungsten standard.