

Guide

Six Steps to Structuring a Responsible Minerals Program

Assent®

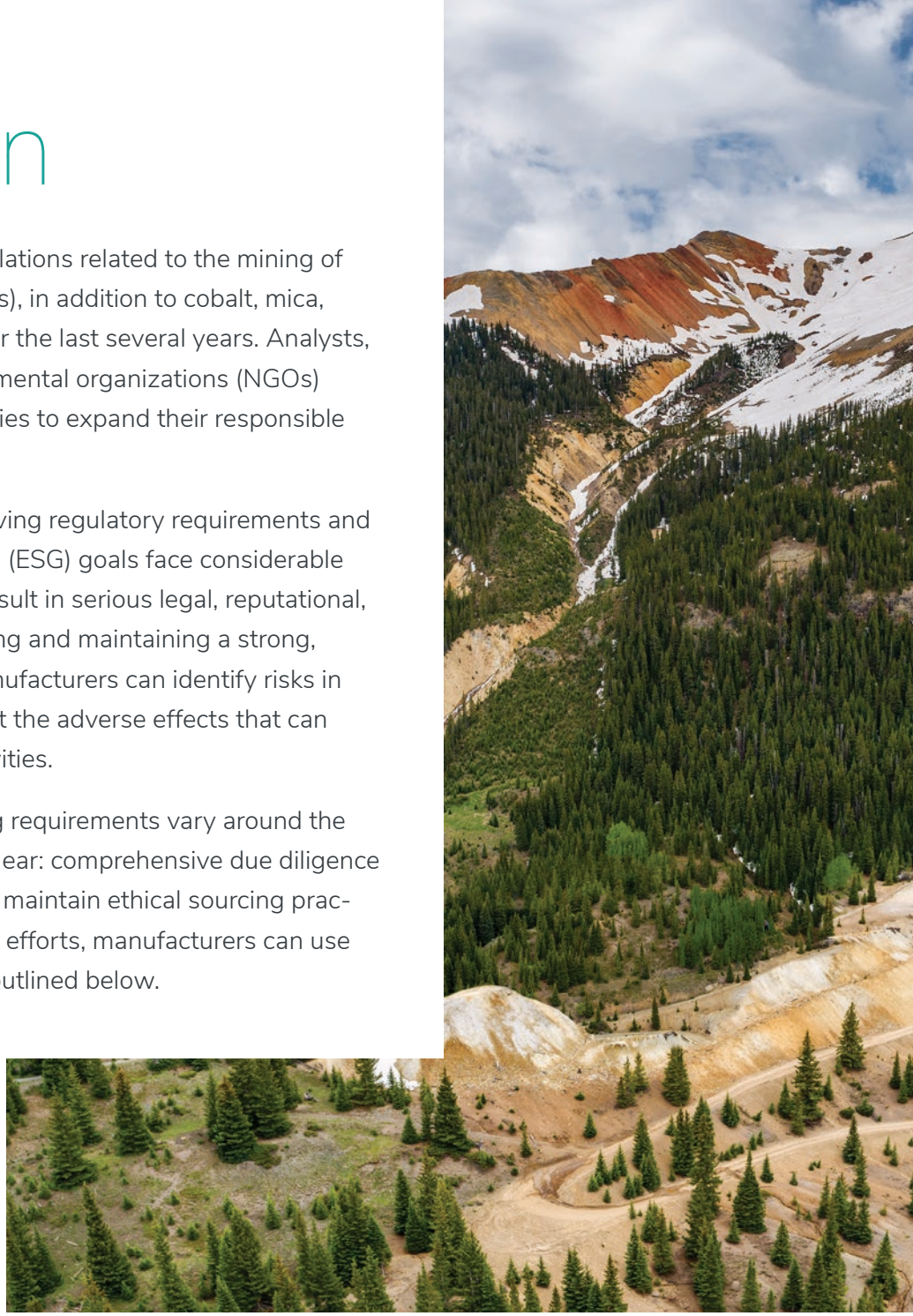
Real depth. Sustainable growth.™

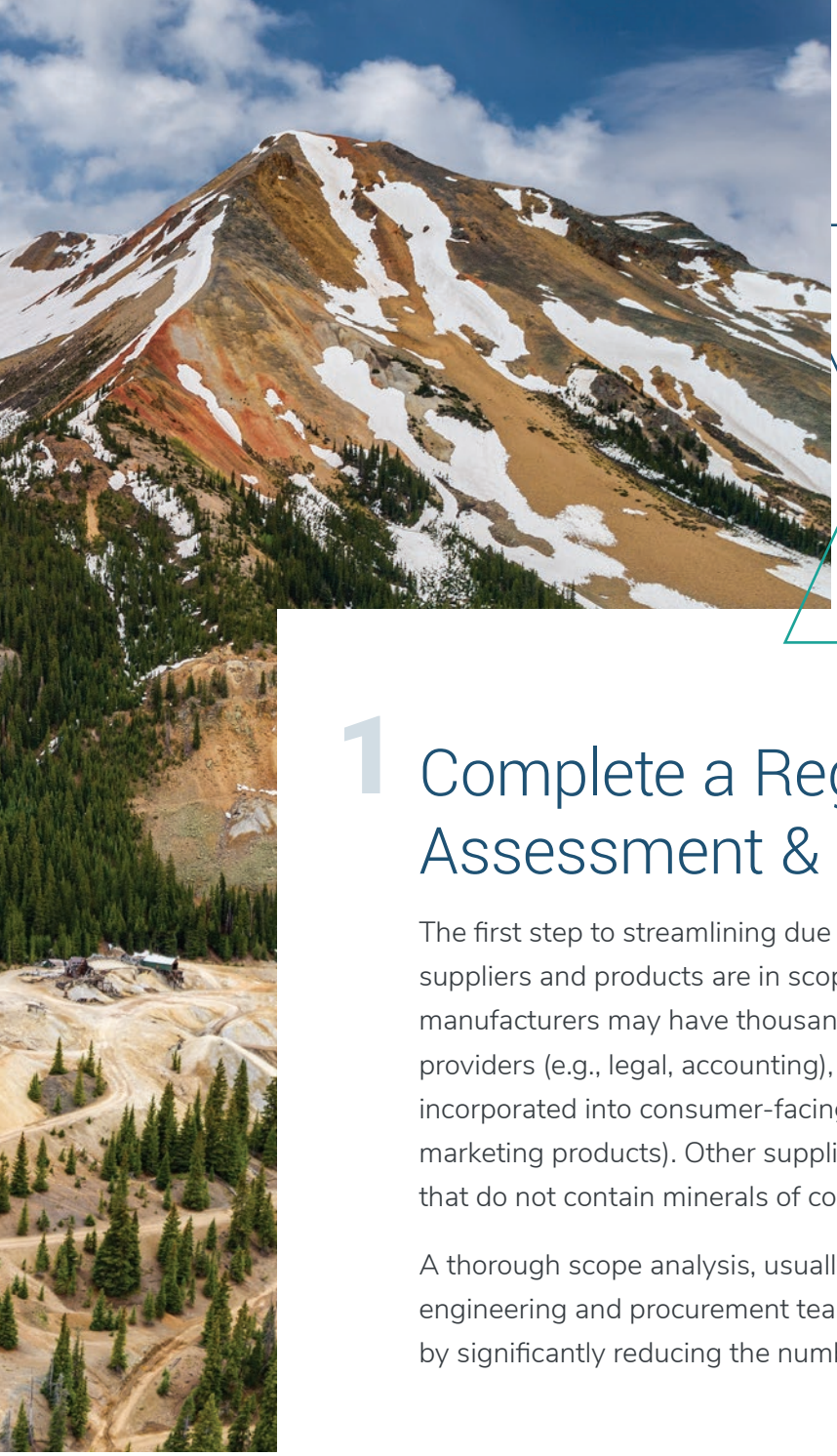
Introduction

Reports of extensive human rights violations related to the mining of tantalum, tungsten, tin, and gold (3TGs), in addition to cobalt, mica, and lithium, have gained attention over the last several years. Analysts, activists, consumers, and non-governmental organizations (NGOs) have highlighted the need for companies to expand their responsible minerals programs beyond the 3TGs.

Companies seeking to meet their evolving regulatory requirements and environmental, social, and governance (ESG) goals face considerable challenges, and failure to adapt can result in serious legal, reputational, and financial consequences. By creating and maintaining a strong, expansive due diligence program, manufacturers can identify risks in their supply chains and protect against the adverse effects that can result from their mineral sourcing activities.

Although responsible mineral sourcing requirements vary around the world, the message to businesses is clear: comprehensive due diligence is imperative for companies looking to maintain ethical sourcing practices. To streamline their due diligence efforts, manufacturers can use a variety of best practices, which are outlined below.





1 Complete a Regulatory Assessment & Scope Analysis

The first step to streamlining due diligence efforts is determining which suppliers and products are in scope of responsible mineral requirements. Some manufacturers may have thousands of suppliers, but many of those are service providers (e.g., legal, accounting), or suppliers of products or articles that are not incorporated into consumer-facing goods (e.g., janitorial supplies, print suppliers, marketing products). Other suppliers, meanwhile, provide consumer-facing goods that do not contain minerals of concern (e.g., wood, plastic).

A thorough scope analysis, usually conducted in collaboration with members of the engineering and procurement teams, will contribute to an efficient program launch by significantly reducing the number of suppliers that need to be contacted.

2 Create a Compliance Plan

The next step is to create an end-to-end responsible minerals compliance plan and determine the processes required to support it. This may include:

Determining Production Steps

First, detail all production steps throughout the supply chain in chronological order to help establish what the compliance plan should include and/or address.

Creating & Applying Due Diligence Standards

Standards should include a combination of in-house expectations that take company goals and capacity into consideration, as well as internationally-recognized standards, such as the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance.

Planning & Communicating Steps

For standards to be useful, they must be broken down into steps that can be assigned to specific personnel. The due diligence plan, its goals, and the expectations of associated individuals and groups must be clearly communicated to all suppliers, operational employees, managerial staff, executives, and board members.

Monitoring & Measuring

Consider how to measure and report progress on the company's short-, medium-, and long-term goals for the new due diligence standards, and how to communicate these results internally and to the public.

Reviewing & Improving

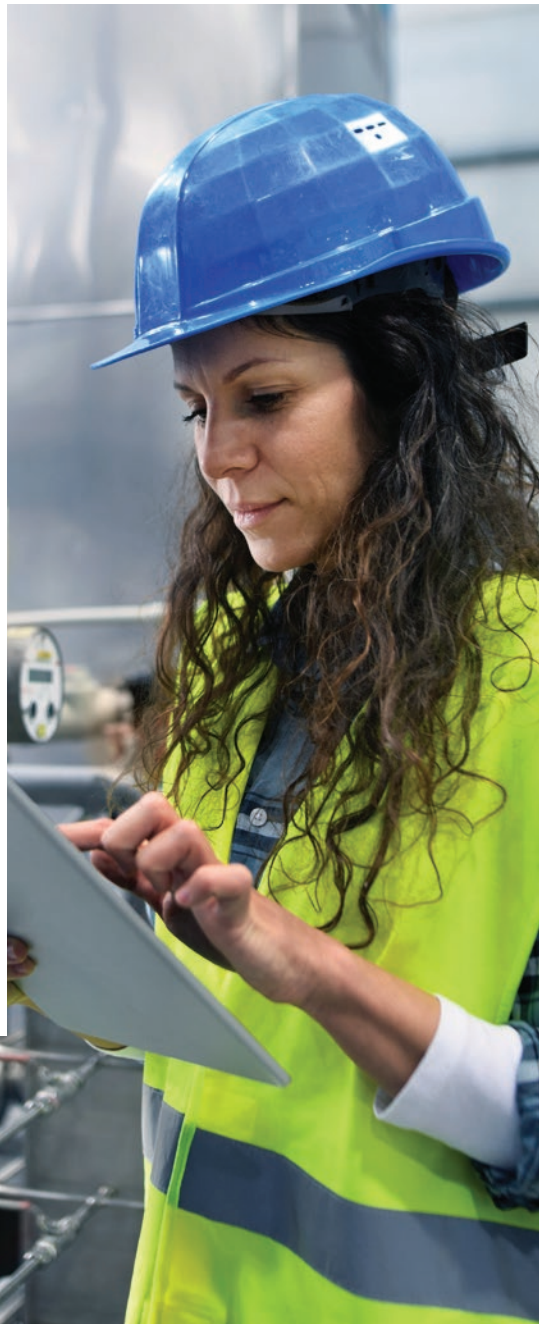
Regularly review the company's achievements against due diligence goals in order to implement improvements to the program. Regulatory requirements may evolve throughout compliance cycles, so changes to the program may need to include new due diligence activities within established operations.

3 Gather Supplier Contacts

Next, the manufacturer should collect contact information for the compliance officers who represent its suppliers. This is generally the first challenge associated with responsible minerals data procurement.

A manufacturer's procurement division will have the most up-to-date supplier contact information, but these are usually sales contacts or generic emails for placing orders. Manufacturers should look for a contact who is knowledgeable about the product's content. If this information is not readily available, a message sent using the contact page on the supplier's website may, in some cases, be directed to the appropriate personnel. However, receiving a response may take longer than anticipated when using this method.

Once the appropriate contact information is found, it should be added to a central database that can be shared among divisions for maximum efficiency. Establishing this database will involve multiple departments, including the procurement, engineering/ design, and compliance sectors, at minimum.





4 Supplier Engagement

Once the correct contact information has been found, supplier outreach is the next step. This step may involve significant amounts of data, depending on your supply chain, and is best managed with supply chain sustainability management software.

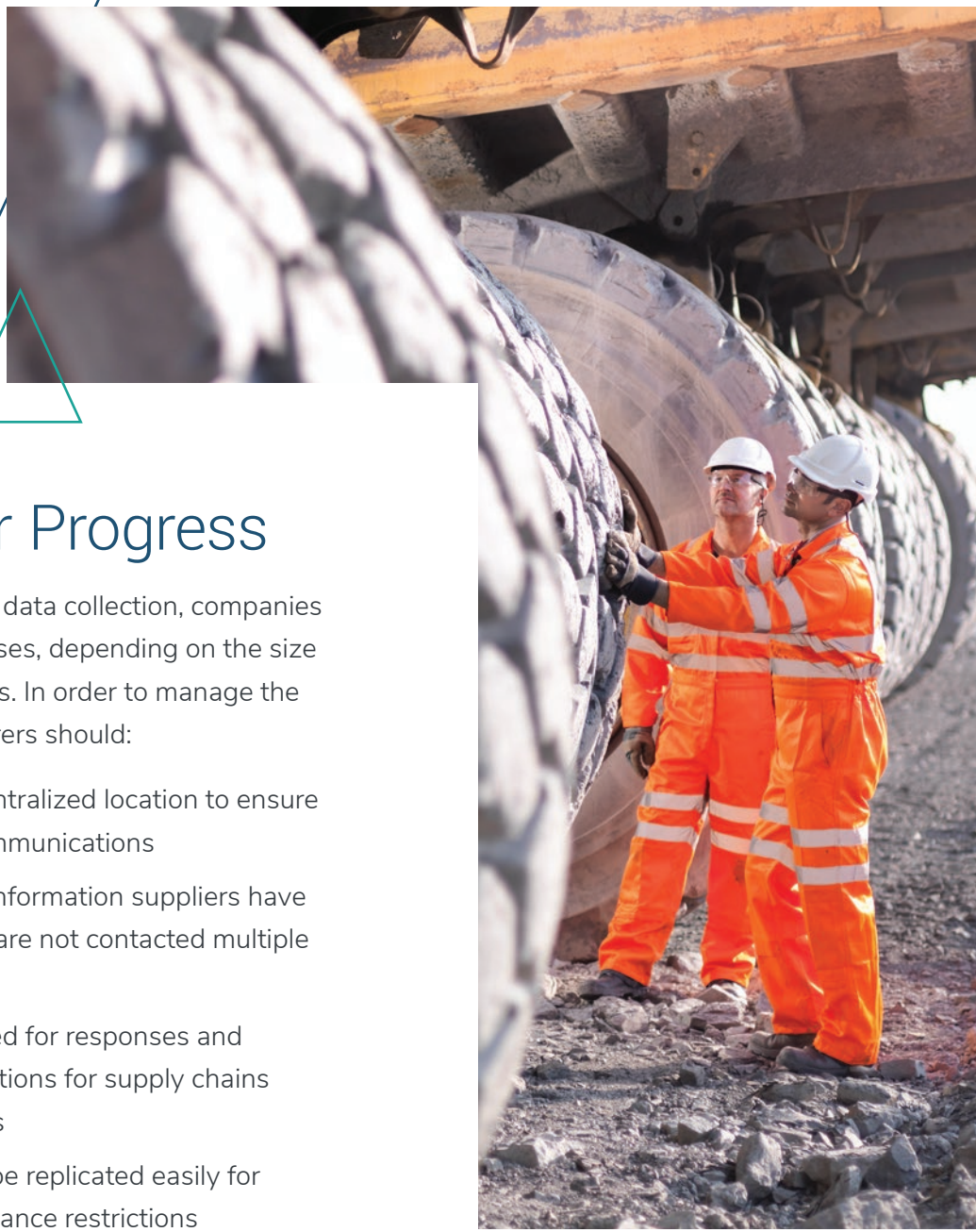
Ideally, a manufacturer will notify suppliers of an impending responsible minerals data request via email. When using a third-party vendor to manage this process, this notification email is essentially an authorization email, which ensures:

- The right person is contacted
- The request is not unexpected
- The third-party vendor (if applicable) has the company's authorization to procure this data from its supply chain
- Suppliers know what format they should submit their data in (e.g., through a portal, using a template such as the Cobalt Reporting Template)

Some suppliers may be hearing about responsible minerals requirements for the first time, so it is important that data requests provide suppliers the information and resources they need to respond efficiently. For example, if suppliers have been asked to submit information through a web portal or fill out a custom survey, they should be informed that submissions made in a Microsoft Word document will not be accepted.

This email should include:

- A polite information request with logical reasoning
- A link to the form or survey they are required to complete
- A link to educational materials
- Clear instructions on how to correctly complete the request and by when
- A point of contact for questions
- Links to key resources



5 Track Supplier Progress

When managing supply chain data collection, companies often receive waves of responses, depending on the size and readiness of their suppliers. In order to manage the process efficiently, manufacturers should:

- Keep information in a centralized location to ensure efficiency of supplier communications
- Maintain records of the information suppliers have provided to ensure they are not contacted multiple times for the same data
- Measure the time required for responses and consider automated solutions for supply chains larger than 100 suppliers
- Ensure the process can be replicated easily for new regulations or substance restrictions



Managing Supplier Responses to Data Requests

Responses to information requests can typically be broken down into the following categories:

Supplier Responds Appropriately

This is the ideal situation. Supplier data should be stored, and the process used for data collection should be recorded and replicated for subsequent requests.

Supplier Responds but Does Not Provide Information

This is common when new substance controls are introduced. Make notes to follow up with the supplier at a mutually agreed-upon date. If this is the correct contact, this should also be noted for future data requests.

Supplier Does Not Respond

This means the person is either the wrong contact, the email did not go through (spam filter), or the contact is working on finding the information but did not reply.

Supplier Does Not Respond (Second Request)

After the indicated response window has closed and a second contact has been emailed with no response, an escalation email should be sent. These activities should be tracked in a supply chain sustainability management system that allows notes to be made on suppliers and their status.

Delinquent

If three emails have been sent to multiple contacts with no response, a supplier then typically becomes “delinquent.” At this point, a business decision must be made to either find alternate means of procuring the data (e.g., data mining), use a different supplier, or accept the risk of having a gap in the program.



6 Analyze & Report Data

To maximize efficiency, companies should monitor and analyze data as it is collected rather than at the end of the process. The simplest approach to data analysis is with a data aggregator that shows all survey responses or questions at once. If there is no automated mechanism in place for responses, establish a manual process for reviewing, tracking, and analyzing data.

Once data has been collected, companies enter the reporting phase to complete the process for the first year. For reporting under the Dodd-Frank Wall Street Reform and Consumer Protection Act in the U.S., for example, organizations are required to annually file a Form SD with the Securities and Exchange Commission. Other regulations, such as the EU Conflict Minerals Regulation, may require different approaches that are determined by the enforcement authorities of each country.

While many manufacturers have already adopted cobalt into their responsible minerals programs, the OECD has also proposed more than 30 other minerals for which companies should follow similar sourcing processes. Manufacturers that voluntarily collect data on one or more of these minerals can refer to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas for information on analyzing their data and how to proceed when risks are identified.

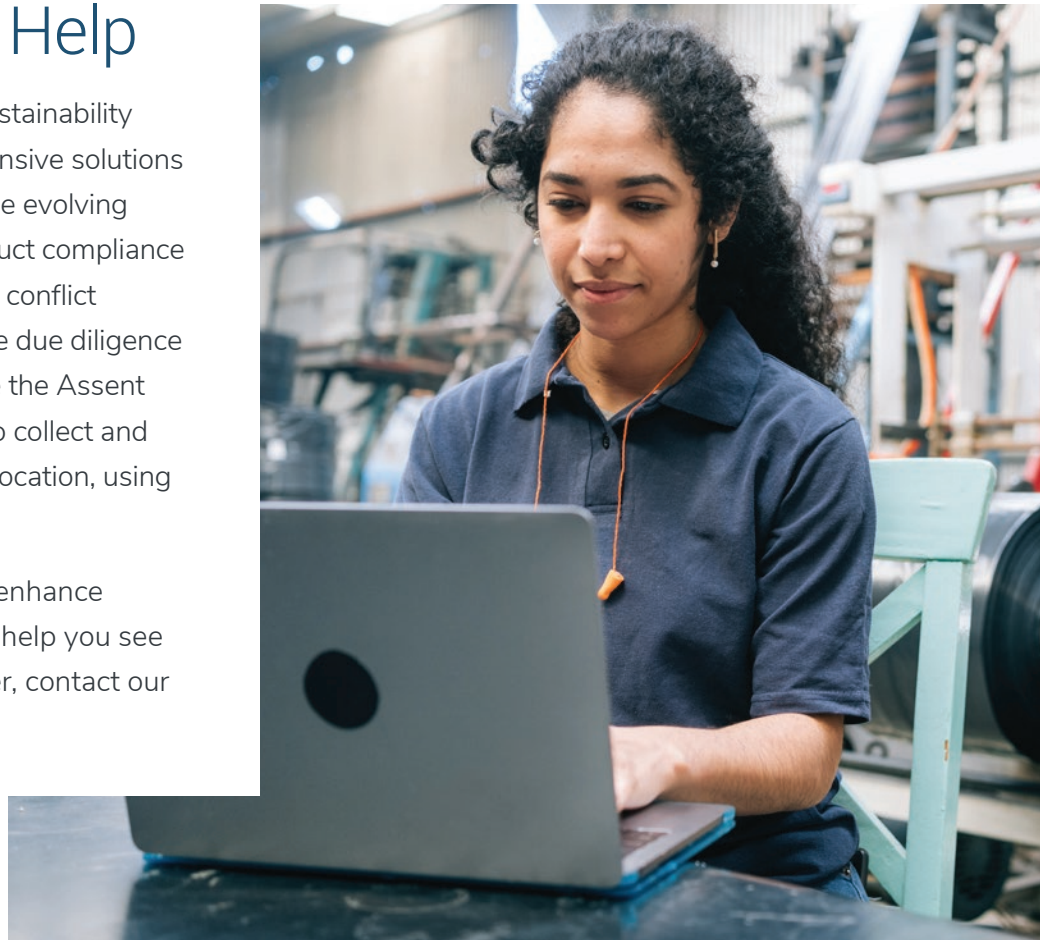
Conclusion

Once these six steps have been completed, organizations enter the maintenance phase of compliance, which involves improving and expanding due diligence activities in response to changing consumer, corporate, and legal expectations. This important step helps manufacturers maintain their responsible minerals compliance programs, ensuring their compliance strategies and associated regulatory knowledge are up to date.

How Assent Can Help

As the global leader in supply chain sustainability management, Assent offers comprehensive solutions to help manufacturers stay ahead of the evolving requirements for everything from product compliance to ESG. Manufacturers looking to meet conflict mineral regulations and/or demonstrate due diligence with other minerals of concern can use the Assent Supply Chain Sustainability Platform to collect and analyze supply chain data in a central location, using standard templates such as the CRT.

To learn more about how Assent will enhance your responsible minerals program to help you see deeper, work smarter, and grow better, contact our experts at **info@assent.com**.



Assent

Real depth. Sustainable growth.™

525 Coventry Road
Ottawa, ON K1K 2C5
Canada

1 866 964 6931
info@assent.com
assent.com

Certified B Corporation

CM-GD-230116