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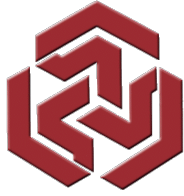
Publication Date:
Effective Date:

THE CHINA CHAMBER OF COMMERCE OF METALS, MINERALS & CHEMICALS IMPORTERS
& EXPORTERS (CCCMC)

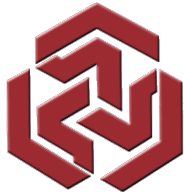
COBALT REFINER SUPPLY CHAIN DUE DILIGENCE STANDARD

A Standard to demonstrate due diligence for mineral sourcing in accordance with the Chinese Due Diligence Guidelines for Minerals Supply Chains and/or OECD Due Diligence Guidance for Responsible Mineral Supply Chains from Conflict-Affected and High Risk Areas, Edition 3 (OECD Guidance). Developed in collaboration by CCCMC, the Responsible Cobalt Initiative and the Responsible Minerals Initiative.

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52 I. INTRODUCTION

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54 The China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC) aims
55 to address the social and environmental risks along the cobalt supply chain, and advocates a systemic,
56 inclusive and sustainable approach. To achieve this objective, CCCMC launched the “Responsible Cobalt
57 Initiative (RCI) to bring together actors along the cobalt value chain. The Responsible Minerals Initiative
58 (RMI) is a collaborative multi-industry initiative that improves the enabling conditions for companies to
59 conduct due diligence on their supply chains. The RMI develops a range of tools and resources that
60 support responsible sourcing of cobalt from conflict-affected and high-risk areas.

61

62 To increase transparency in cobalt supply chains, CCCMC, the RCI and the RMI collaborate to jointly
63 implement a cobalt refiner assessment program (herein referred to as “the program”). This Cobalt Refiner
64 Supply Chain Due Diligence Standard (herein referred to as “the Standard”), developed by CCCMC in
65 collaboration with the RCI and the RMI, describes the expectations for cobalt refiners to conduct due
66 diligence on cobalt supply chains.

67

68 CCCMC, the RCI and the RMI encourage the responsible sourcing of minerals from conflict-affected and
69 high risk areas. The Standard follows the five step framework for risk-based due diligence from the
70 Chinese Due Diligence Guidelines for Minerals Supply Chains (Chinese Guidelines) which itself is based on
71 the OECD Due Diligence Guidance for Responsible Mineral Supply Chains from Conflict-Affected and High
72 Risk Areas, Edition 3 (OECD Guidance) .

73

74 Due diligence is a continual, ongoing process to be undertaken by companies and that is expected to
75 improve over time. Auditees are expected to monitor the emerging risks and incidents in their supply
76 chains and take these into account for their sourcing activities. Each auditee remains fully responsible for
77 the scope and quality of due diligence in their supply chains, for reporting on the due diligence undertaken
78 and for determining whether there are risk(s) in the supply chains associated with conflict-affected and
79 high risk areas. Responsibility for determining the severity of identified risks, as well as the actions in
80 response to such risks rests with the auditee’s management.

81

82 Auditees shall use good faith and reasonable efforts in their due diligence and are responsible to adapt
83 the scale and complexity of their due diligence to the level of the identified risks and impacts. Where
84 appropriate, auditees may cooperate with other companies or work via an industry program, in particular
85 to share costs for third party assurance and / or on-the-ground assessments of high risk supply chains.

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88 II. SCOPE

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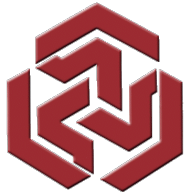
90 This assurance process applies to the identified “choke points” in the cobalt supply chain. According to
91 the Chinese Guidelines, “choke points” may be identified using a number of considerations, including:

92

93

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- Key points of transformation in the supply chain;
- Stages in the supply chain that generally include relatively few actors that process a majority of the commodity;



- 95
- Stages in the supply chain with visibility and control over the mineral production and trade;
 - Key points of leverage over mineral production and trade.¹
- 96
- 97

98 The assurance process is global in scope and covers all risks detailed in the Type 1 risks defined in the
99 Chinese Guidelines or the OECD Guidance, Annex II Model Policy . Due diligence requirements are driven
100 by those risks.

101

102 **A. Companies within scope of the audit**

103

104 It is the responsibility of the auditee to provide sufficient evidence for the program to review and confirm
105 that the auditee meets the eligibility requirements to participate.

106

107 All fully operational companies meeting the definition of cobalt refiner below are included within the
108 scope of this assurance process. For companies that operate multiple facilities that meet the definition of
109 a cobalt refiner, all such facilities will be subject to this assurance process. Conformance with this Standard
110 is determined at the level of the individual refining facility.

111

112 **Cobalt Refiner**

113 An entity that processes cobalt concentrates, intermediates or recycled feed and produces a cobalt
114 product for direct use in a downstream manufacturing process.

115

116 Refer to [Appendix III](#) for further information on the types of cobalt products and their use in downstream
117 manufacturing processes.

118

119 **B. Materials within scope of the audit**

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121 All materials intended for production of cobalt metal, products, or intermediates physically received, held,
122 and/or processed during the audit period, regardless of origin or in-country storage location and type, are
123 included in the assurance process.

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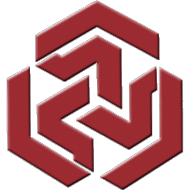
125 Materials in inventory that have been physically received prior to the current audit period are not in scope
126 of the audit.

127

128 All material sent to or received from a third party (including a refiner) for processing under a tolling or
129 sub-contracting agreement during the audit period will be considered part of the auditee’s receipts and
130 production, and therefore are included in the audit scope.

131

¹ Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains, Section VII.7.4. p.30



132 **C. Audit period and frequency**

133 The initial audit period will cover the period from one year prior to the audit date.

134

135 Re-audits are required to maintain a conformance status. Re-audits will include the entire period between
136 prior and current audits. The auditee is responsible to ensure a re-audit is scheduled prior to the expiry of
137 the current conformance status.

138

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

141

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

146

147

148 **III. DISCLAIMER**

149 This assurance process and this Standard follow the ISO 19011 auditing standard in conducting an
150 independent third-party audit. Auditors follow reasonable procedures to assess the auditee's
151 management system, taking into consideration materiality as well as the quality and quantity of the
152 evidence available. At a minimum, auditors must fulfill the qualification requirements defined by the
153 program.

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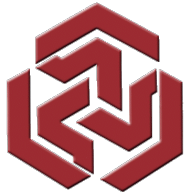
155 The audit assesses whether the auditee's due diligence and risk assessment are in conformance with the
156 Chinese Guidelines or the OECD Guidance. The audit will not determine that material at the auditee is
157 conflict-free or free of severe social and environmental impact. **This is not a material certification audit.**
158 Documentary evidence may be sampled by the auditor.

159

160 This Standard strives to align with both the Chinese Guidelines and OECD Guidance. **Auditees are able to**
161 **follow either the Chinese Guidelines or the OECD Guidance for their due diligence system**, and must
162 follow the entire chosen Guidance.

163

164



165 **IV. CONFORMANCE REQUIREMENTS**

166

167 **For conformance with this Cobalt Refiner Standard, the auditee shall conform, in all material aspects,**
168 **with all requirements outlined in Section IV this Standard:**

169

170 **A. Step 1: Establish Strong Management Systems**

171

172 **Supply Chain Policy**

173 Auditees shall adopt a supply chain policy that is consistent with the standards provided in one of the
174 following documents:

- 175 1) Chinese Guidelines Annex: Model Supply Chain Policy
176 2) OECD Guidance, Annex II Model Policy; **or**

177

178

179 The supply chain policy shall set out a clear and coherent management process for risk management and
180 commit the auditee to the due diligence steps defined by the Chinese Guidelines or OECD Guidance. The
181 supply chain policy shall:

- 182 • Apply to the auditee and its suppliers;
183 • Define the principles and standards for identifying and managing risks in the cobalt supply chain;
184 • Be communicated to suppliers and the public.

185

186 **Internal Management Support**

187 The auditee shall ensure sufficient internal management support and allocation of resources for the
188 operation and monitoring of the supply chain due diligence system. At a minimum, the auditee shall:

- 189 • Assign authority and responsibility to a senior staff member with the necessary competence,
190 knowledge and experience for the due diligence management system;
191 • Ensure internal accountability with respect to the implementation of the due diligence
192 management system;
193 • Provide training and periodic refresher training (timing is defined by the auditee) to all relevant
194 employees covering critical information on the due diligence management system;
195 • Control documents and records required by the management system (at a minimum those
196 required by this Standard). Records generated by the management system for due diligence shall
197 be maintained for a minimum of five (5) years.

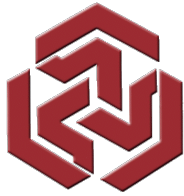
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199 **Business Partner Engagement**

200 Auditees shall strengthen company engagement with suppliers. Where possible, auditees shall assist
201 suppliers in building capacities with a view to improving due diligence performance.

202

203 Adherence to the supply chain policy shall be required as part of contracts or written agreements with
204 suppliers that can be applied and monitored. The auditee's communication to suppliers shall ensure that
205 critical information, including the auditee's supply chain policy and its expectations that suppliers conduct
206 due diligence in accordance with the Chinese Guidelines or the OECD Guidance, reaches suppliers.



207
208 Auditees shall avoid cash transactions where practicable and ensure cash transactions are supported by
209 verifiable information.

210
211 Where possible, auditees are encouraged to engage with downstream companies to request they conduct
212 due diligence themselves and source from cobalt refiners that conduct due diligence or work with their
213 suppliers to conduct due diligence. Auditees shall pass due diligence information on to downstream
214 companies, with due regard taken of business confidentiality.

215
216 **Grievance Mechanism**

217 The auditee shall develop or refer to a mechanism allowing any interested party (affected persons or
218 whistle-blowers) to voice concerns regarding the circumstances of mineral extraction, trade, handling and
219 export. The auditee may refer to grievance mechanisms provided by industry mechanisms as applicable
220 and appropriate for their operations.

221
222 The mechanism shall, at a minimum, include a process to investigate the concern or grievance received
223 and, if applicable, determine appropriate corrective and preventive actions.

224
225 **System of Controls and Transparency**

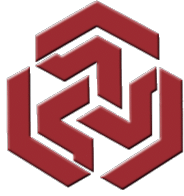
226 The auditee shall ensure sufficient material control over its own operations as well as cobalt supply chains
227 to allow for the identification of any red flags or warning signs associated with cobalt suppliers or material
228 received.

229
230 Internal material control systems shall ensure:

- 231 • Each individual transaction of relevant material received is identified and recorded. The process
232 shall record the date the material is physically received or the date the material is received in the
233 auditee's material control system.
- 234 • The auditee's internal material control system shall ensure all material received is inspected to
235 confirm the type, weight and source of the material. The extent of such investigations may vary
236 based on the risk profile of the material source.
- 237 • The auditee shall demonstrate the ability to reconcile material inputs and outputs over a given
238 period of time. Unreasonable changes to inventory (losses or gains) shall be investigated and the
239 findings established in writing.

240
241 The auditee shall establish and implement basic Know Your Supplier (KYS) requirements to determine the
242 identity, type of business relationship and legality of business operations for each supplier of cobalt
243 material.

244
245 Furthermore, the auditee shall identify the point of origin for each individual transaction of relevant
246 material received within the audit period. The point of origin of the material received depends on the type
247 of material:



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- **Mined material:** The origin for mined material is the mine site where the material was extracted, regardless of the extraction method (large scale, medium scale, small scale or artisanal).
 - **Mining by-product:** For mining by-product, the origin is where the material in scope for this audit is separated from the primary ore.
 - **Recycled material:** The origin of recycled material is the point where the material is returned to the cobalt refiner or other downstream intermediate processor or recycler.

255 For mined cobalt material, the auditee’s system of controls and transparency shall at a minimum identify:

- 256
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- 259
- The point of origin of the mined cobalt material (the location(s) and name (s) of cobalt mines and / or refiners for mining by-product);
 - The transit route of the mined cobalt material;
 - The identity of the direct supplier of the cobalt mined material.

260

261 For mined cobalt material, the auditee shall take due regard to the difference between large scale mining (LSM) and artisanal and small scale mining (ASM) operations as well as include a determination whether upstream cobalt producers purchase cobalt (including ASM cobalt) and whether this may trigger any red flags.

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266 Auditees shall use a risk-based approach to establish appropriate chain of custody or traceability over mineral production and trade between the mine site and the auditee for mined material.

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269 For recycled cobalt material, auditees shall implement a risk-based assessment of the likelihood that raw materials are laundered through recycled channels to conceal its origin. The auditee shall provide reasonable evidence to demonstrate that the material is recycled.

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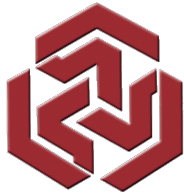
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273 For cobalt material received from another cobalt refiner, the auditee shall:

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- Identify the point of origin for all cobalt material sourced from the supplying cobalt refiner; OR
 - Provide reasonable evidence that the supplying cobalt refiner has successfully undergone a third party validation of their due diligence systems either against this Standard or a program recognized as equivalent by the program.

278



279 **B. Step 2: Identify and Assess Risks in the Supply Chain**

280
 281 The auditee shall conduct a risk assessment on all cobalt material sourced, covering all risks described in
 282 the Chinese Guidelines or OECD Guidance Annex II Model Policy : Annex Model Supply Chain Policy.
 283

284 **TABLE 1: RISKS COVERED IN THE MODEL SUPPLY CHAIN POLICIES**

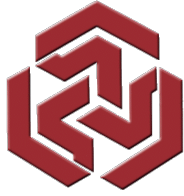
Chinese Guidelines: Annex Model Supply Chain Policy	OECD Guidance, Annex II Model Policy
<ul style="list-style-type: none"> • Serious human rights abuses <ul style="list-style-type: none"> ○ Any forms of torture, cruel, inhuman and degrading treatment; ○ Any forms of forced or compulsory labor; ○ The worst forms of child labor;² ○ Other gross human rights violations and abuses such as widespread sexual violence; ○ War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide. • Direct or indirect support to non-state armed groups and public or private security forces • Corruption, money laundering and payments to governments • Land rights, emissions and artisanal operators 	<ul style="list-style-type: none"> • Serious abuses associated with the extraction, transport or trade of minerals: <ul style="list-style-type: none"> ○ Any forms of torture, cruel, inhuman and degrading treatment; ○ Any forms of forced or compulsory labor; ○ The worst forms of child labor;³ ○ Other gross human rights violations and abuses such as widespread sexual violence; ○ War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide. • Direct or indirect support to non-state armed groups.⁴ • Direct or indirect support to public or private security forces. • Bribery and fraudulent misrepresentation of the origin of minerals. <ul style="list-style-type: none"> ○ Money laundering. • Non-payment of taxes, fees and royalties to governments.

285

² See ILO Convention No. 182 on the Worst Forms of Child Labour (1999).

³ See ILO Convention No. 182 on the Worst Forms of Child Labour (1999).

⁴ 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.



286 **1. Identification of CAHRAs, Red Flags or Warning Signs**

287
288 The auditee shall gather, examine and verify the information as appropriate and engage with suppliers to
289 identify risks and confirm information on cobalt suppliers and the origin of cobalt material received
290 collected as part of their system of controls and transparency with a view to identify any red flags or
291 warning signs.

292
293 The auditee shall design and implement a process to determine any conflict-affected and high risk areas
294 (CAHRAs) as defined by the Chinese Guidelines⁵ or 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. (Source: OECD Guidance, p.13)*

295
296 The process shall include, at a minimum:

- 297
- The types of resources used by the refiner to make the determination;
 - The criteria used by the auditee to determine a CAHRA;
 - The frequency within which the determination is reviewed and updated.
 - A record of all the countries and / or areas identified as CAHRA within the auditee’s supply chain.
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302
303 At a minimum, the auditee shall consider the following red flags or warning signs in accordance with the
304 Chinese Guidelines and the OECD Guidance :

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306

⁵ Chinese Guidelines Chapter 6 Warning Signs, p23



307

308 TABLE 2: RED FLAGS AND WARNING SIGNS

Chinese Guidelines: Annex Model Supply Chain Policy	OECD Guidance, Annex II Model Policy ⁶
<p>Warning signs locations of resource origin or transit</p>	<p>Red flag locations of origin and transit</p>
<ol style="list-style-type: none"> 1. The mineral resources originate from or have been transported through a conflict-affected or high-risk area. 2. The resources are claimed to originate from a country that has limited known reserves or stocks, or expected production levels of the mineral resource in question. 3. The mineral resources are claimed to originate from a country through which resources from conflict-affected and high risk areas are known or reasonably suspected to transit. 4. The resources are claimed to originate from recyclable/scrap or mixed sources and has been processed in a country where these resources from conflict-affected and high-risk areas is known or reasonably suspected to transit. 5. The mineral resources originate from a conflict-affected or high-risk area that is known to suffer from large scale environmental degradation, to be in the vicinity of World Heritage Sites, to endure land infringements, or where the worst forms of child labor are prevalent. 	<ol style="list-style-type: none"> 1. The mineral originates from or has been transported through a conflict-affected or high-risk area. 2. The mineral is claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of the mineral (i.e. the declared volumes of the mineral from that country are out of keeping with its known reserves or expected production levels). 3. The mineral is claimed to originate from a country through which minerals from conflict-affected and high-risk areas are known or reasonably suspected to transit. 4. The mineral is claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where minerals from conflict-affected and high-risk areas is known or reasonably suspected to transit. <p>In each of these location-based red flag considerations, the risk is increased when anti money laundering laws, anti-corruption laws, customs controls and other relevant governmental oversight laws are weakly enforced; informal banking systems operate, and cash is extensively used.</p>

⁶ Red flags are defined in the mineral supplements in the OECD Guidance and thus, there are no red flags defined specifically for cobalt supply chains. This Standard uses the red flags defined by the OECD Guidance Supplement on Gold, taking into account that it was drafted after the Supplement on Tin, Tantalum and Tungsten and took into account further developments in the drafting process. These are reflected in the additional red flag on circumstances that is not included in the Supplement on Tin, Tantalum and Tungsten.



Supplier Warning Signs	Supplier red flags
<ol style="list-style-type: none"> 1. Suppliers or other known upstream companies operate in locations that exhibit the warning signs above, or have shareholder or other interests in suppliers from one of the abovementioned warning sign locations. 2. Suppliers or other known upstream companies used to purchased from one of the above-mentioned warning sign locations. 	<ol style="list-style-type: none"> 1. Suppliers or other known upstream companies operate in one of the abovementioned red flag locations of mineral origin and transit, or have shareholder or other interests in suppliers of the mineral from one of the above-mentioned red flag locations of mineral origin and transit. 2. Suppliers or other known upstream companies are known to have sourced the mineral from a red flag location of mineral origin and transit in the last 12 months.
Circumstantial Warning Signs	Red flag circumstances
<p>Anomalies or unusual circumstances are identified through the information collected in Step 1 which give rise to a reasonable suspicion that the mineral resources may contribute to conflict or serious abuses associated with the extraction, transport or trade of said resource.</p>	<p>Anomalies or unusual circumstances are identified through the information collected in Step 1 which give rise to a reasonable suspicion that the material may contribute to conflict or serious abuses associated with the extraction, transport or trade of material.</p>

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310

<p>No red flags: If the auditee can reasonably determine that the red flags defined in Table 2 above do not arise in the supply chain, no additional due diligence is required for that supply chain.</p>
<p>Red flags identified or information unknown: If the auditee identifies a red flag in the cobalt supply chain or is unable to reasonably exclude one or more of the red flags defined in Table 2, the auditee shall proceed with enhanced due diligence.</p>

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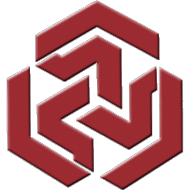
ENHANCED DUE DILIGENCE – APPLICABLE ONLY IF RED FLAGS OR WARNING SIGNS ARE IDENTIFIED

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2. Mapping of factual circumstances

Where supply chains have triggered red flags or warning signs, the auditee shall map the factual circumstances of the red flagged supply chain. Such mapping shall include, at a minimum:

- Assessment of the context of conflict-affected and high risk area;
- Identification of the activities and relationships of all upstream suppliers in the red flagged supply chain;



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- Assessment of the due diligence practices of any red flagged suppliers, covering all of the aspects referenced in this Standard;
 - Clarification of the chain of custody of all cobalt material received from the red flagged supply chain;
 - Identification of all locations and qualitative conditions of the extraction, trade, handling, and export of minerals in the red flagged supply chain; and
 - Conduct of on-the-ground assessments⁷.

331

332 **3. On-the-ground risk assessment**

333 For any red flagged supply chain, the auditee’s due diligence shall include on-the-ground risk assessments. Risk assessments can be done individually or collaboratively to gather information on the qualitative conditions of production, handling and trade of the cobalt material.

336

337 On-the-ground risk assessments shall be performed by suitable qualified and independent assessors. They shall include, at a minimum the red flagged sources and / or suppliers of mined materials. Auditees shall refer to the OECD Guidance, Appendix: Guiding Note for Upstream Company Risk Assessment for detailed guidance on how to conduct the on-the-ground risk assessment.

341

342 **4. Assessment of risks against the Supply Chain Policy**

343 The auditee shall assess risks against its supply chain policy (consistent with the Chinese Guidelines Annex: Model Supply Chain Policy or the OECD Guidance Annex II Model Policy), national laws and other relevant legal instruments.

346

347 Any reasonable inconsistency between these requirements and the information obtained through due diligence should constitute a risk.

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351 **C. Step 3: Design and Implement a Strategy to Respond to Identified Risks**

352 Where risks are identified in the supply chain, it is the responsibility of the auditee to identify appropriate risk mitigation measures.

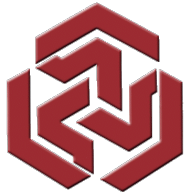
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355 **1. Risk mitigation strategy**

356 The auditee shall mitigate risks by either:

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- 358
1. Continuing trade throughout the course of measurable risk mitigation efforts;
 2. Temporarily suspending trade while pursuing ongoing measurable risk mitigation;

⁷ 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.



359 3. Disengaging with a supplier after failed attempts at mitigation or where a company reasonably
360 deems risk mitigation not feasible or unacceptable.

361 The strategy employed must be aligned with the risk mitigation strategy defined by the Chinese Guidelines
362 Annex: Model Supply Chain Policy or the OECD Guidance Annex II Model Policy .

363
364 Risk mitigation should result in significant and measurable improvement towards eliminating the
365 identified risks within six months from the adoption of the risk management plan. If there no such
366 measurable improvement within six months, auditees shall consider suspending or discontinuing
367 engagement with the supplier for a minimum of three months.

368
369 Before disengaging, the auditee shall consider the potential socio-economic impacts on mining
370 communities, such as the risk of extensive and / or sustained loss of livelihoods in or near the sites of
371 mineral extraction, or loss of economic activity essential to the welfare of communities in or near
372 extraction sites.

373

374 **2. Internal reporting**

375 The auditee shall report findings on risks in the cobalt supply chain to senior management, outlining the
376 information gathered and the actual and potential risks identified in the supply chain risk assessment.

377

378 The auditee shall also report to senior management on the progress of risk mitigation efforts.

379

380 **3. Risk management plan**

381 The auditee shall devise and implement a risk management plan, including measurable risk mitigation
382 efforts, and shall monitor and track performance of risk mitigation. The monitoring and tracking of
383 performance of risk mitigation shall be carried out in cooperation/consultation with local and central
384 authorities and other relevant stakeholders, as appropriate. The auditee shall consider establishing or
385 supporting community-based networks to monitor risk mitigation.

386

387 The auditee shall further maintain ongoing risk monitoring, evaluate the effectiveness of risk mitigation
388 efforts and undertake additional fact and risk assessments, as required for risks requiring mitigation or
389 after changing circumstances.

390

391 **4. Build leverage**

392 In the design and implementation of risk mitigation, the auditee shall consult with suppliers and affected
393 stakeholders, such as government or civil society as appropriate, to agree on the strategy for
394 measurable risk mitigation in the risk management plan. In doing so, the auditee shall build and/or
395 exercise leverage over the actors in the supply chain who can most effectively and most directly mitigate
396 the risks of adverse impacts.

397



398

PUBLIC REPORTING – APPLICABLE TO ALL AUDITEES

399

D. Step 5 – Public Reporting

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.

405

Table 3 outlines the type of information and publication method to be applied by the auditee.

407

TABLE 3: PUBLICATION REQUIREMENTS

Published by the auditee	Published by the program	
	CCCMC/ RMI / RCI Members	Public ⁸
<ul style="list-style-type: none"> Supply Chain Policy Audit Summary Report Step 5 Due Diligence Report (See Annex V) Any other information deemed appropriate by the auditee 	Aggregated Country of Origin Information: <ul style="list-style-type: none"> Low-risk High-Risk DRC Recycle/Scrap 	<ul style="list-style-type: none"> Smelter ID number Auditee Name Country Group Company Name Conformance Status⁹ Link to Supply Chain Policy Link to Audit Summary Report Link to Step 5 Due Diligence Report

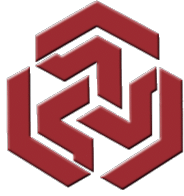
409

410

411

⁸ Information will be published on the program’s website: <http://www.responsiblemineralsinitiative.org/conformant-smelter-refiner-lists>.

⁹ 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.



412 **V. DEFINITIONS**

413

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

415

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

418

419 **Artisanal and Small-Scale Mining (ASM):** Formal or informal mining operations with predominantly
420 simplified forms of exploration, extraction, processing, and transportation. ASM is normally low capital
421 intensive and uses high labor-intensive technology. “ASM” can include men and women working on an
422 individual basis as well as those working in family groups, in partnership, or as members of cooperatives
423 or other types of legal associations and enterprises involving hundreds or even thousands of miners.¹⁰

424

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

427

428 **Assessment:** an evaluation of a person, organization, system, process, enterprise, project or product.

429

430 **Assessment period:** The period of time covered by audit, typically one year.

431

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

433

434 **China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters (CCCMC):** A
435 nationwide industrial and nonprofit organization registered in Ministry of Civil Affairs of China. Formed
436 jointly and voluntarily by various economic organizations engaged in manufacturing, import and export
437 and other relative activities in metallic minerals and related products, non-metallic minerals and related
438 products, hardware and related products, construction materials, oil and oil products, chemicals and
439 related products.

440

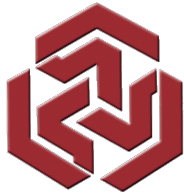
441 **Chinese Guidelines:** General term for the Chinese Due Diligence Guidelines for Responsible Mineral
442 Supply Chains. <http://cccmc.org.cn/docs/2016-05/20160503161454495880.pdf>

443

444 **Cobalt Refiners:** An entity that processes cobalt concentrates, intermediates or recycled feed and
445 produces a cobalt product for direct use in a downstream manufacturing process.

446

¹⁰ OECD Guidance for Responsible Supply Chains on Minerals from Conflict-Affected and High-Risk Areas, Third Edition



447 **Conflict-Affected and High-Risk Areas (CAHRAs):** Conflict-affected and high-risk areas are identified by
448 the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may
449 take a variety of forms, such as a conflict of international or non-international character, which may
450 involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk
451 areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of
452 civil infrastructure and widespread violence. Such areas are often characterized by widespread human
453 rights abuses and violations of national or international law.¹¹

454
455 **Country of Origin:** The country where the ore was mined.

456
457 **Critical Information:** For the purpose of this audit standard, “critical information” refers to any and all
458 information related to the auditee’s due diligence and that is necessary for all parties involved in the
459 program, specifically employees and suppliers, to effectively carry out the tasks and responsibilities
460 assigned to them as part of the program.

461
462 **Internal Material Control Systems:** These systems serve to validate the auditee’s ability to record, control
463 and monitor the material received, stored, processed or otherwise handled by the auditee.

464
465 **ISO:** International Organization for Standardization

466
467 **Large-Scale Mining (LSM):** For the purposes of this document, the definition includes all formal operations
468 characterized by substantial capital, heavy equipment, high technology and a significant workforce (large
469 and medium in size) not considered to be within the ASM definition.

470
471 **OECD Guidance:** General term for the Organization for Economic Co-operation and Development (OECD)
472 Due Diligence Guidance for Responsible Supply Chains on Minerals from Conflict-Affected and High-Risk
473 Areas. <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

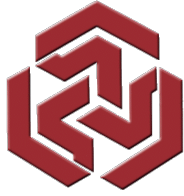
474
475 **Qualification Status:** Conformance with the standard at all times.

476
477 **Mined Material:** Mined materials or substances used in the primary production of metals.

478
479 **Product shipments:** Include any finished good and secondary, intermediate, semi-processed, or other
480 materials that are sold and then shipped out of the facility during the audit period.

481
482 **Recycled Materials:** Commonly referred to as recycle/scrap. Recycled metals as defined by the OECD
483 Guidance, and referenced by the U.S. Securities and Exchange Commission are 'reclaimed end-user or
484 post-consumer products, or scrap processed metals created during product manufacturing including:
485 excess, obsolete, defective, and scrap metal materials which contain refined or processed metals that are

¹¹ OECD Guidance for Responsible Supply Chains of minerals from Conflict Affected and High-Risk Areas, Third Edition



486 appropriate to recycle in the production of the mineral. As defined by the OECD Guidance, minerals
487 partially processed, unprocessed, or a byproduct from another ore (for example, slags) are not recycled
488 or secondary materials.

489
490

491 **Responsible Cobalt Initiative (RCI):** An international industry coalition dedicated to creating an inclusive,
492 sustainable, and responsible supply chain of cobalt. The membership organization, representing multiple
493 stages of the cobalt supply chain, works with international partners to improve transparency, address the
494 challenges of cobalt extraction, and foster collaboration along the supply chain.

495
496

497 **Responsible Minerals Initiative (RMI):** A membership based initiative of the Responsible Business Alliance
498 (formerly the Electronics Industry Citizenship Coalition (EICC)), formerly known as the Conflict Free
499 Sourcing Initiative or CFSI.

500

501 **Risk-Based Audit Program:** A [program](#) that allows low-risk auditees, defined as auditees in Low-risk
502 Countries that only sourcing domestic material to qualify for this program.

503

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

506

507 **Supplier:** The company which supplies material to the refiner in the supply chain, which may be suppliers
508 such as a mining entities, traders, other refiners, or downstream users.

509

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

513

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

516

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

521

522

523 VI. REVISION HISTORY AND EFFECTIVE DATE

524 This audit standard is in effect as of the date identified on the cover page as the “Effective Date.”

525

526



527

528 **VII. APPENDICES**

529

530 **A. APPENDIX I: EXAMPLE DOCUMENT LIST (Chinese / English)**

531

532 Version: A-C-1.0

533 **审核文件清单样本 —— 钴加工企业**

534 **Document List - Cobalt Processor Audit**

535

536 可以以电子档或者纸质形式

537 Documentation may be in paper or electronic format.

538 仅作为审核准备参考，并不覆盖所有的文件

539 **This list is for indicative purposes only and is not exhaustive.**

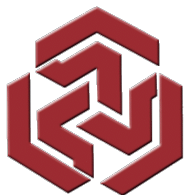
540

541 **一、尽责管理 Due Diligence**

第一步：完善的风险管理体系 Management Systems		
1	负责任采购政策内容以及公开网址 (实施尽责管理的标准、以及根据标准包含的风险) Cobalt responsible sourcing policy content and website	
2	负责任采购政策传达给供应商的记录 Communication records of Cobalt sourcing requirements	
3	内部管理组织架构图 (包括任命高级管理人员) Internal Due Diligence management organization chart (including senior management assigned)	
4	负责任采购培训记录 Cobalt responsible sourcing training records (training material and attendance records)	
5	钴原料采购流程 (含尽责管理、监管链 / 追溯系统要求) Cobalt procurement process (including due diligence, chain of custody/traceability requirement)	



6	上游直接供应商信息（营业执照、税务登记、采矿证等） Upstream immediate supplier information (i.e. business license, tax register, mine license, etc)	
7	钴原料监管链记录（含原产地、上游所有供应商信息）： 1) 钴二次物料：能证明是二次物料的信息，例如物料图片、含有物料名称或描述的交易合同、运输单据等 2) 钴开采物料：例如发票、提单、进出口文件、采购合同、发货收货记录、运输文件、原产地证明、采矿证、营业执照等。 Cobalt chain of custody records (including minerals origin and all upstream suppliers' information): 1) For recycled materials: may include materials photos, description of materials on contracts/transportation records; 2) For mined materials: may include invoices, bill of lading, export/import documents, purchase orders, delivery notes, transportation records, business license, mine license, certificate of origin, etc.	
8	企业对受冲突影响和高风险区域的定义 Definition of conflict-affected and high-risk areas	
9	如果原产国或运输路线位于受冲突影响和高风险区域，收集钴矿产从提取、贸易、装运和出口可能出现的风险：内容涉及任何形式的童工、武装团体、严重人权滥用、强迫劳动、公共或私人安全部队、受贿、洗钱、支付税费、费用和专利权使用费、危及生命的健康安全（信息收集渠道例如 NGO、媒体报告、联合国报告、供应商沟通、会议记录、矿山考察报告等。） When origin or transportation is related to conflict-affected and high-risk areas, collect information on the following risks in the supply chain: any form of child labour, armed groups, human rights abuse, forced labour, public or private security forces, bribery, money laundering or non-payment of taxes, fees and royalties, life threatening health and safety conditions. Such information sources may include, for example, publicly available reports (NGO, UN, media reports), or obtained from cobalt suppliers (reports, meeting records, email correspondence) or mine visit reports.	
10	矿井 / 山考察报告 Mine visit report	
11	关于负责任钴采购，与供应商签订的有法律约束力的文件 Legally binding agreements signed with suppliers on Cobalt responsible sourcing	
12	对外沟通、利益相关方申诉渠道 Public e-mail address for interested stakeholders to raise concerns	
第二步：供应链风险识别和评估 Risk Identification and Assessment		
13	识别和评估供应链风险的流程 (风险标准、风险评估、降险措施、向上汇报、供应商沟通、与中国指南或 OECD 尽职调查指南一致的三种降险策略)	



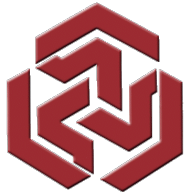
	Process or procedure describing the company's risk assessment process (including risk criteria, risk assessment, risk mitigation, risk reporting, supplier communication, 3 risk mitigation strategies in accordance with Chinese Guidelines or OECD Due Diligence Guidance)	
14	识别到的任何警示信号（内容涉及任何形式的童工、武装团体、严重人权滥用、强迫劳动、公共或私人安全部队、受贿、洗钱、支付税费、费用和专利权使用费、危及生命的健康安全） Any identified warning signs, related to any form of child labour, armed groups, human rights abuse, forced labour, public or private security forces, bribery, money laundering or non-payment of taxes, fees and royalties, life threatening health and safety conditions.	
15	风险评估结果 Risk assessment results	
第三步：针对已识别的风险制定并实施应对策略 Risk Mitigation		
16	风险管理计划 Risk mitigation plan	
17	风险降低过程中与供应商或利益相关方的沟通记录 Communication records with interested parties during risk mitigation	
18	降险措施执行和应对策略(继续、暂停、终止交易) Risk mitigation implementation and follow up (may refer to 3 risk mitigation strategies in accordance with Chinese Guidelines or OECD Due Diligence Guidance)	
19	（如适用）最恶劣形式童工的补救措施记录 (If applicable) Evidence of remediation program for WFCL	
20	（如适用）风险补充评估记录 (If applicable) Additional risk assessment (i.e for risk requiring mitigation, or where current circumstance changed)	
第五步：供应链风险管理和结果报告 Due Diligence Report		
21	可持续发展报告、企业社会责任报告、年度报告 Sustainability, corporate social responsibility or annual reports	

542

543 **四、物料管控 Materials Control**

22	来料控制流程（验收、标识、入库） Incoming materials control process (inspection, labeling, storage)	
23	物料入仓记录 Raw materials warehouse records	
24	产品品出货记录 Final products shipping out records	

544



545 **B. APPENDIX II: STEP 5 REPORT OUTLINE**

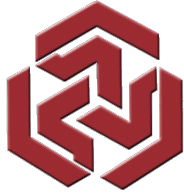
546 The Chinese Guidelines and OECD Guidance encourage auditees to publish annual reports on supply chain
547 due diligence policies and practices with due regard to business confidentiality and other competitive
548 concerns. Business confidentiality and other competitive concerns means price information and supplier
549 relationships without prejudice to subsequent evolving interpretation¹².

550
551 As auditees of this program are considered an upstream entity for the purposes of the Chinese Guidelines
552 or OECD Guidance, they must conform to the Step 5 reporting requirements for upstream companies.
553 The Responsible Minerals Assurance Process requires all auditees to report publicly on their due diligence
554 program.

555
556 Below is an outline of categories that are recommended to be included in these reports. This outline is
557 recommended for all auditees; however, the scope and level of detail may reasonably be reduced in low-
558 risk contexts. It is recommended to provide examples where possible to illustrate application of due
559 diligence concepts.

- 560
- 561 1. Auditee Introduction
 - 562 a. Auditee Name
 - 563 b. Smelter Company ID (CID)
 - 564 c. Location
 - 565 d. materials processed
 - 566
 - 567 2. Audit Summary
 - 568 a. Date of last audit
 - 569 b. Audit period
 - 570 c. Lead auditor name
 - 571 d. Link to most recent publicly available audit summary report
 - 572
 - 573 3. Company Management System
 - 574 a. Supply Chain Policy
 - 575 b. Management Structure and Responsibility
 - 576 c. System of Controls and Transparency
 - 577 d. Record keeping system
 - 578
 - 579 4. Risk Assessment
 - 580 a. Risk assessment process, methodology and results
 - 581 b. Methodology, practices and information yielded in on-the-ground assessments
 - 582
 - 583 5. Risk Management
-

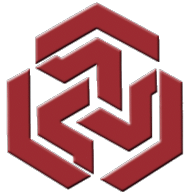
¹² OECD Guidance Edition 3, Tin and Tantalum Supplement, p.52 and Footnote 34



- 584 a. Risk mitigation strategy
585 b. Involvement of affected stakeholders
586 c. Descriptions of efforts to track and monitor progress
587
588 6. OPTIONAL: Description of other issues and / or risks beyond the Annex of the Chinese
589 Guidelines or Annex II of the OECD Guidance included in the due diligence system (e.g.,
590 Environment; Health & Safety; Child Labor, all forms)
591

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

598



599 **C. APPENDIX III: TYPES OF COBALT MATERIAL**

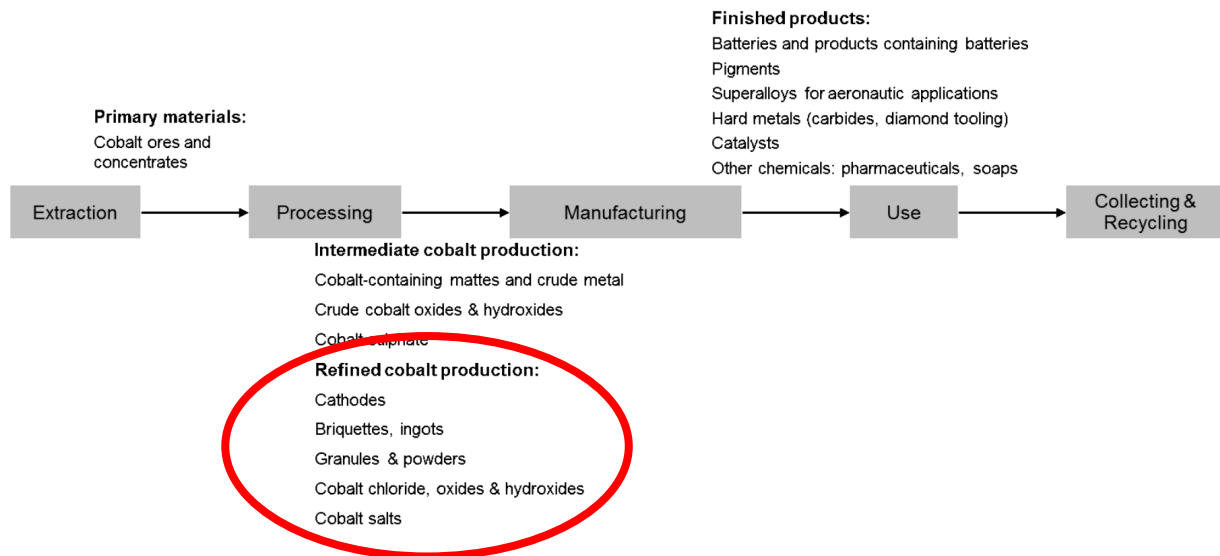
600 For the purpose of this assurance process, a cobalt refiner processes cobalt concentrates, intermediates
601 or recycled feed and produces a cobalt product for direct use in a downstream manufacturing process.
602 Facilities that only produce battery cathode, alloys, ceramics are downstream and not considered a refiner.

603
604 This section provides further information on the cobalt value chain and types of cobalt products. The
605 section is based on the information made available by the European Union Raw Materials Information
606 System (RMIS) and can be accessed here: <http://rmis.jrc.ec.europa.eu/?page=mfa-inventory-fc6a02#/materials/cobalt>.

607
608
609 Figure 1 below presents a simplified cobalt value chain. Cobalt refiners are entities that sell their products
610 directly into the “manufacturing” stream without further refining, highlighted with the red circle.

611

612 **FIGURE 1: COBALT VALUE CHAIN**



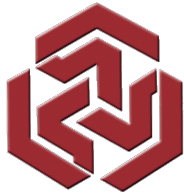
613

614

615 Cobalt is often found as a by-product of nickel (estimated 50% of cobalt production) and copper
616 (estimated 44% of cobalt production) with less than 10% of the material originating from primary cobalt
617 production (estimated 6%).

618

619 The process for the production of pure cobalt metal can be classified into hydrometallurgy and
620 pyrometallurgy. For hydrometallurgical processes, cobalt extraction generally includes some form of
621 leaching, often using hydrochloric or sulphuric acid. It can also include solvent extraction and
622 electrowinning. Pyrometallurgy uses the differences in melting points and densities of different materials



623 to separate them. After smelting, cobalt is normally still combined with nickel and the materials are
624 separated using electrolytic processes¹³.

625

626 Examples of cobalt products include the following: ***This list is for indicative purposes only and is not***
627 ***exhaustive.***

628

629 • **Intermediate cobalt products:**

- 630 ○ Cobalt-containing mattes
- 631 ○ Cobalt-containing crude metal
- 632 ○ Cobalt hydroxide
- 633 ○ Crude cobalt oxide
- 634 ○ Cobalt sulphate

635 • **Refined cobalt production:**

- 636 ○ Cathodes
- 637 ○ Briquettes
- 638 ○ Ingots
- 639 ○ Granules
- 640 ○ Powder
- 641 ○ Cobalt chloride
- 642 ○ Cobalt oxide
- 643 ○ Cobalt hydroxide
- 644 ○ Cobalt salts

645 • **Examples of recycling feed:**

- 646 ○ Industrial scrap
 - 647 ■ Alloys
 - 648 ■ Superalloys for aeronautic applications
 - 649 ■ Cemented carbide cutting tools
 - 650 ■ Turbine blades
- 651 ○ Post-consumer scrap
 - 652 ■ Consumer electronics batteries
 - 653 ■ Electric vehicle batteries
 - 654 ■ Magnets
 - 655 ■ Catalysts

656

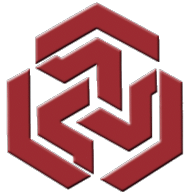
657

658 **Main uses of cobalt include¹⁴:**

- 659 ○ Battery chemicals

¹³ Source : <https://publications.europa.eu/en/publication-detail/-/publication/7345e3e8-98fc-11e7-b92d-01aa75ed71a1/language-en>

¹⁴ Source : <https://publications.europa.eu/en/publication-detail/-/publication/7345e3e8-98fc-11e7-b92d-01aa75ed71a1/language-en>



- 660 ○ Superalloys
- 661 ○ Hard materials (in carbides used for cutting tools)
- 662 ○ Catalysts
- 663 ○ Ceramics and pigments
- 664 ○ Magnets
- 665 ○ Tyre adhesives and paint tryers
- 666