



ICGLR THIRD PARTY AUDIT METHODOLOGY AND TOOLS

2nd Edition



ICGLR Third-Party Audit Methodology and Tools

ICGLR THIRD-PARTY AUDIT METHODOLOGY AND TOOLS

2nd Edition

REVISION HISTORY

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DISCLAIMER

This third-party audit methodology is prepared from sources and data which are believed to be reliable but makes no representation as to its accuracy or completeness. The authors accept no liability for any consequences whatsoever of pursuing any of the recommendations provided in this third-party audit methodology, either singularly or altogether. Opinions and information provided are made as of the issue date of the third-party audit methodology and are subject to change without notice.

ABOUT THE ICGLR AUDIT COMMITTEE

The ICGLR Audit Committee represents an independent regional body with tripartite representation of in-region and international civil society, industry, and government. It fulfils two key functions as defined in the manual of the Regional Certification Mechanism (RCM), or “RCM Manual”, namely (1) coordinating and monitoring the ICGLR third-party audit system to be implemented in ICGLR member states and (2) monitoring the existing RCM standards and procedures and, as systems evolve, proposing adjustments, if necessary. The ICGLR Audit Committee works independently from the ICGLR Secretariat and reports to the Regional Committee of the Regional Initiative on Natural Resources (made up of representatives from all member states). The complementary roles and responsibilities of the ICGLR Audit Committee and the ICGLR Secretariat serve to verify and provide assurance on RCM implementation elements under the responsibility of individual ICGLR Member States (that is, mine site inspections, mineral traceability/chain of custody management, mineral export certification).

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ABBREVIATIONS AND ACRONYMS

| | |
|---------------|--|
| 3Ts | Tin, Tungsten and Tantalum |
| AFP | Analytical Fingerprint |
| AMD | Analytical Mineral Determination |
| ASM | Artisanal and Small-scale Mining |
| BGR | Bundesanstalt für Geowissenschaften und Rohstoffe (Federal Institute for Geosciences and Natural Resources) |
| CoC | Chain of Custody |
| DPKO | Department of Peace Keeping Operations |
| DRC | Democratic Republic of the Congo |
| EITI standard | Extractive Industries Transparency Initiative |
| GIZ | German Corporation for International Cooperation |
| IAASB | International Auditing and Assurance Standards Board |
| ICGLR | International Conference on the Great Lakes Region |
| ISO | International Organisation for Standardisation |
| LBMA | London Bullion Market Association |
| LSM | Large-scale mining |
| MONUSCO | United Nations Organisation Stabilisation Mission in the DRC |
| NGO | Non-governmental Organisation |
| OECD Guidance | OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas |
| OECD | Organisation for Economic Co-operation and Development |
| RCM | Regional Certification Mechanism |

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| RINR | Regional Initiative against the Illegal Exploitation of Natural Resources |
| RJC | Responsible Jewellery Council |
| RMAP | Responsible Minerals Assurance Program |
| RDMF | Regional Database on Mineral Flows |
| TPA | Third-Party Audit |
| UN | United Nations |
| UNGoE | United Nations Group of Experts |
| UNSC | United Nations Security Council |
| WGC | World Gold Council |

GLOSSARY

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| 1st Party Audit | The audit is conducted by the person or organisation that is undergoing evaluation, e.g. internal audits, peer reviews. (ISEAL 2007, Module 1: 24). |
| 2nd Party Audit | The audit is conducted by a person or body that is related to or has an interest in the person or organisation being evaluated, such as a client or purchaser of products from the organisation. E.g. Buyer, Trade Association, Paid Consultant (ISEAL 2007, Module 1: 24). |
| 3rd Party Audit | The audit is conducted by a person or body that is independent of the person or organisation being evaluated, and of user interests in that person or organisation. (ISEAL 2007, Module 1: 24) It is generally understood to be acceptable for the audited party to pay the independent, accredited auditor, as per normal professional consulting practice, provided that the fee is not related in any way to the outcome of the audit itself. |
| Accreditation Body | The ICGLR Audit Committee is the body who accredits ICGLR Third Party Auditors (TPAs). |
| Affiliates | Supply chain actors who work directly with non-State armed groups or public or private security forces to facilitate the extraction, trade, or manipulation of minerals. These actors include traders, consolidators, intermediaries, and others. |
| Analytical Mineral Determination (AMD) | Combination of scientific techniques, which might be used as an additional tool to assist with the determination of the origin of Designated Minerals. AMD is applicable to all Designated Minerals, where technological solutions exist. Analytical Fingerprint (AFP) is a form of AMD for tantalum, tin, and tungsten. |
| Artisanal and small-scale mining (ASM) | Artisanal and Small-scale Mining (ASM) – formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation. ASM is normally labour intensive and uses traditional tools such as pickaxes, shovel, and chisel. There is minimal, low capital mechanisation. 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. |
| Assurance | Assurance is the process by which conformance with a normative document is achieved. |
| Audit | A process for verifying that the requirements of a normative document (e.g. law, policy, standard) have been met. “A systematic, documented process for obtaining records, statements of fact or other relevant information and assessing them objectively to determine the extent to which specified requirements are fulfilled. (Adapted from ISO 17000)” (ISEAL Assurance Code, p. 5). |
| Buyer | A person or company that purchases mineral ore, most often but not exclusively from artisanal producers and exports mineral ore to customers outside of the country. |
| Certification | A procedure involving assessment, monitoring and written assurance that “a business, product, process, service, supply chain or management system conforms to specific requirements” (ISEAL Impacts Code, p. 5). Certification can be undertaken by means of a 1st, 2nd or 3rd party audit. In the case of the RCM, certification is part of standard export documentation and a validation that a specific mineral shipment has been mined, traded, and handled in accordance with the requirements of the ICGLR’s Regional Certification Mechanism. |

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| Chain of Custody (CoC) | A record of the sequence of individuals or entities which have custody of Designated Minerals as they move through the upstream supply chain, as well as associated records of the Lot(s) being moved, and the actions performed on the Lot(s) at any given point in the chain (production, combination, transportation, export, etc.) This process concludes with the issuance of an ICGLR Certificate for the export of Designated Minerals. |
| Chain of Custody (CoC) System | A system that can track mineral flows from a valid mine site to the point of export, demonstrating for each export of Designated Minerals the status of the mine site or sites from which the minerals originated, and the intermediate Supply Chain Actors (if any) who handled the minerals or portions of the minerals between mine site and exporter. |
| Chain of Custody (Programme) | A programme implemented by Member States to manage CoC Systems. This includes the regulating and licensing of CoC Systems. |
| Compliance | Mandatory adherence to a law, regulation, or rule. Compliance applies to laws and regulations that you have no option but to follow or potentially face penalties. |
| Conformance | Voluntary adherence to a standard, specification, requirement, design, process, or practice. |
| Control | Of mines, transportation routes, points where minerals are traded and upstream actors in the supply chain means (i) overseeing extraction, including by granting access to mine sites and/or coordinating sales to intermediaries, export companies or international traders; (ii) making recourse to any forms of forced or compulsory labour to mine, transport, trade or sell minerals; or (iii) acting as a director or officer of, or holding beneficial or other ownership interests in, upstream companies or mines. |
| Country of Origin | Section I of the RCM Manual provides a List of Designated Minerals. These are: “1. Gold: Metals (including derivative metals), minerals, ores and mineral concentrates that contain gold (Au) 2 Cassiterite: Metals (including derivative metals), minerals, ores and mineral concentrates that contain tin (Sn) (cassiterite and other tin minerals) 3. Wolframite: Metals (including derivative metals), minerals, ores and mineral concentrates that contain tungsten (W) (wolframite and other tungsten minerals) 4. Coltan: Metals (including derivative metals), minerals, ores and mineral concentrates that contain niobium (Nb) or tantalum (Ta) (coltan, columbite, tantalite, niobite, pyro chlorite and other Nb-Ta minerals) “Explanatory Note: The current list of Designated Minerals consists of gold, cassiterite, wolframite, and coltan. These are the same four minerals designated as ‘Conflict Minerals’ under the US Dodd-Frank act.” They are not strictly the same as those targeted in the OECD Guidance, which, if strict wording was applied, targets the metals contained in the minerals (tin, tantalum, tungsten, and gold) rather than the parental minerals (cassiterite, coltan, wolframite, and gold). However, this is mainly a semantic question; the commodities (minerals) the OECD Guidance and supplements actually refer to in practice correspond to the Dodd-Frank Act definition. |
| Designated minerals | Section I of the RCM provides a List of Designated Minerals. These are: Cassiterite, Coltan, Gold and Wolframite. |
| Documentation | Consists of any written or electronically generated information intended to provide verified data to the ICGLR, an ICGLR Member State and/or source recognized by the ICGLR and the relevant Member States. |
| Downstream | The minerals supply chain from smelters/refiners to retailers “Downstream companies” include metal traders and exchanges, component manufacturers, products manufacturers, original equipment manufacturers and retailers. “Downstream” may also relate to the relationship of any point in the mineral supply chain from the mine site moving towards the final point of the supply chain i.e. retailers. |
| Due Diligence | Due diligence is an on-going, proactive, and reactive process through which companies can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of business decision-making. |

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| Eligible Member States | Member States that are eligible to have their government, industry and civil society representatives serve on the Audit Committee. To qualify as Eligible, a Member State must: have in place operational systems and procedures capable of certifying mine sites as per Section II.1 and Appendix A; systems for assuring CoC of Designated Minerals as per Section II.2 and Appendix B; and have in place systems for certifying mineral exports and issuing ICGLR Certificates, as per Section II.4 and Appendix C. |
| Export | The legal, physical leaving or sending out of material from any part of the geographical territory of a Member State to another state. |
| Exporter/Exporting Entity | Any company, cooperative, individual, or other entity that is licensed to export Designated Minerals from a Member State. |
| Extort | The demanding, under the threat of violence or any other penalty, and for which the person has not voluntarily offered, sums of money or minerals, often in return for granting access to exploit the mine site, access transportation routes, or to transport, purchase, or sell minerals. |
| Follow up Audit | An audit undertaken in accordance with the Requirements of the ICGLR THIRD PARTY AUDIT SYSTEM at the request of an exporter after the exporter has received any major and/or minor non-conformance finding(s). The Follow Up Audit looks specifically at areas of non-conformance with regard to the RCM. |
| Follow up inspection | A Mine Site Inspection undertaken at the request of a Mine Site Operator after the site on which the Operator exploits minerals has not received a Valid (Green) Status at inspection. The Follow-Up Inspection looks specifically at areas of non-conformance under the initial Inspection with regard to the RCM. |
| Grace period | A specified period granted to Mine Site Operators and Exporters that have received any minor non-conformance finding(s) under a Mine Site Inspection or ICGLR Third Party Audit, during which the Operator or Exporter can continue to operate while attempting to rectify the non-conformance. |
| Grade | The quantity of metal or metal oxide in a sample of mineral ore; normally expressed as a percentage of the total. |
| ICGLR Certificate | A forgery resistant document issued by a Member State with a format identified in Appendix C, which identifies a shipment of Designated Minerals as being in conformance with the Requirements of the RCM |
| ICGLR Third Party Audit (ICGLR TPA) | An ICGLR TPA is a systematic, independent, documented process for obtaining records, statements of fact or other relevant information and assessing them objectively to determine the extent to which the Requirements specified by the RCM are fulfilled by exporters. The responsibility for initiating an ICGLR TPA falls on the exporter and covers the supply chain from the point of export up to the mine site from which minerals are sourced. |
| Industrial mining | Mineral extraction undertaken by a corporation, cooperative or other corporate entity on a formally recognized mineral claim or title, generally using capital intensive technology and advanced machinery and equipment. |
| Industry or Mining industry | Refers collectively to registered companies, co-operatives or individuals involved in the mining, processing, and trading of Designated Minerals within the economy of the ICGLR Member States and where applicable also refers to those operating outside of ICGLR Member States. |
| International Forces | Any armed force from one or more foreign states legally deployed within the territory of an ICGLR Member State. |
| Import | The legal physical entering of material to any part of the geographical territory of a Member State. |

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| Importer | An individual, company or other legal entity that is licensed to receive a shipment of Designated Minerals exported by an exporter located within one of the Member States of the ICGLR. |
| Legitimate artisanal and small-scale mining | The legitimacy of artisanal and small-scale mining is a difficult concept to define because it involves a number of situation-specific factors. For the purposes of the OECD Guidance, legitimate refers, among others, to artisanal and small-scale mining that is consistent with applicable laws. When the applicable legal framework is not enforced, or in the absence of such a framework, the assessment of the legitimacy of artisanal and small-scale mining will take into account the good faith efforts of artisanal and small-scale miners and enterprises to operate within the applicable legal framework (where it exists) as well as their engagement in opportunities for formalisation as they become available (bearing in mind that in most cases, artisanal and small-scale miners have very limited or no capacity, technical ability or sufficient financial resources to do so). In either case, Artisanal and small-scale mining, as with all mining, cannot be considered legitimate when it contributes to conflict and serious abuses associated with the extraction, transport or trade of minerals as defined in Annex II of the OECD Guidance. |
| Licensed chain of custody (CoC) System | An ICGLR CoC System whose service provider or Supply Chain Operator has proven that its processes and procedures for implementing and maintaining a CoC in the Member State has met all the Requirements of the RCM and the Member States CoC Programme and whose service is therefore fit for purpose and licensed to operate in the individual Member State. |
| Lot or Mineral lot | A quantity of Designated Minerals shipped as a unit from a seller to a purchaser. See also SHIPMENT |
| Lot Number | The unique identifying number assigned by an exporter to each Lot of Designated Minerals shipped from an exporter. |
| Limited assurance | Limited assurance results from any audit where insufficient evidence has been collected to conclude that that the outcome of the audit would not be materially affected by other evidence that may exist (but which has not been collected and reviewed). In this context, conclusions drawn from the audit are derived solely from the information reviewed. This means that the assurer is able to attest that s/he did not find anything in obvious non-conformance with a standard. (Negative statement is possible; positive statement is not possible) “The level of assurance engagement risk is higher in a limited assurance engagement than in a reasonable assurance engagement because of the different “nature, timing, or extent of evidence-gathering procedures. However, in a limited assurance engagement, “the combination of the nature, timing and extent of evidence gathering procedures is at least sufficient for the practitioner to obtain a meaningful level of assurance as the basis for a negative form of expression. “ (International Framework for Assurance Engagements 2005, p. 18; see also World Gold Council 2012b, p. 11) |
| Major Non-Conformance | Based on objective evidence, the absence of, or a significant failure to implement and/or maintain conformance to the Requirements. |
| Mineral | Used to collectively refer to ore, pre-concentrate, and concentrate where further differentiation may not be necessary or possible (e.g., “mineral storage”); note that this usage differs from the usual geological definition. |
| Minor non-conformance | Based on objective evidence, the failure to implement and/or maintain conformance to the Requirements and that also represents a minor issue that could lead to a major non-conformance if not addressed. |
| Member State | A country that is a member of the ICGLR, including all its agencies and institutions responsible for operationalising the RCM. |

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| Mine Site | Any location of mining recognized by a Member State, corresponding to an area and operations regulated as a single mining concession/permit, but possibly corresponding to a part of a concession/permit or to mining operations recognized under another form of regulation by the Member State, including those mine sites that meet the definition of legitimate ASM. |
| Mine Site Inspection | A Mine Site Inspection is an evaluation of a mine site and determination of its conformity with the Requirements of the RCM. Mine sites are inspected annually by each Member State, by a mine site inspector employed or engaged by the Member State. |
| Mine Site Operator | The person, cooperative, association, company or other entity exercising legal control over the ownership and / or process of production of a given mine site. |
| Mine Site Operator Lot Number | The unique identifying number assigned by a Mine Site Operator to each lot of Designated Minerals shipped from a mine site. |
| Mineral Chain | The series of steps and processes through which minerals are extracted, traded, processed, and exported from the region. |
| Non-state armed groups | Rebel movements or armed criminal entities engaged in illegal activity and/or serious human rights abuse. |
| OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas (Third Edition) (OECD Due Diligence Guidance) | Guidance): Defines the framework for detailed due diligence as a basis for responsible global supply chain management of minerals. |
| Ore | Mined mineralized rock (hard rock, alluvial, eluvial etc.), without any further processing. |
| Processor | Any person or business including but not limited to a trader, buyer, service provider or exporter that physically or chemically treats mineral ore in order to increase or otherwise adjust the purity of that mineral ore. |
| Processor Country | A Member State where processing, refining and/or aggregating of designated minerals takes place prior to export. The terms Producer Country and Processor Country are not mutually exclusive. Some Member States may be a producer country and processor country. |
| Producer Country | A Member State where Designated Minerals are mined. |
| Public or Private Security Forces | Any legal armed national or international force, or individuals or larger units employed or otherwise engaged by a private security firm. |
| Reasonable Assurance | Reasonable assurance requires the accumulation of sufficient audit evidence that the auditor can conclude that the outcome of the audit would not be materially affected by evidence that has not been collected and reviewed. In this context, conclusions drawn from the audit, while derived from the information reviewed, also cover other non-reviewed information. [Adapted from: International Auditing Standards Board (IAASB) 2005 This means that the assurer is able to attest that s/he can conclude that the system is in conformance with a standard. (Positive statement is possible). |

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| Regional Database on Mineral Flows (RDMF) | The database maintained by the ICGLR to contain all data required to track mineral flows according to the terms of the RCM. The RMD covers mine site, CoC and export data required by the RCM. It permits query functions in line with the Purpose of the RCM. For a full list of datasets see Appendix D. |
| Risk | Risks are the “potentially adverse impacts of a company’s operations, which result from a company’s own activities or its relationships with third parties, including suppliers and other entities in the supply chain. Adverse impacts may include harm to people..., or reputational damage or legal liability for the company..., or both.” (OECD DDG (3rd Ed.), p.13) |
| Risk assessment | Means identifying potential negative impacts (including Red or Yellow Status criteria Appendix A2) for organizations’ ability to operate. Negative impacts include issues that could lead to business-critical conditions for the organization. |
| Requirement | The description of a verifiable set of details and/or instructions that must take place in order to meet the objectives of the RCM. |
| Serious Human Rights Abuses | <p>Any forms of torture, cruel, inhuman, and degrading treatment;</p> <p>Any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;</p> <p>The worst forms of child labour;</p> <p>Other gross human rights violations and abuses such as widespread sexual violence;</p> <p>War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.</p> |
| Shipment or Mineral Shipment | A quantity of Designated Minerals that is physically transported as a unit from one location to another. A shipment may comprise of multiple upstream Lots. See also “Lot”. |
| Status | <p>The outcome of an evaluation an exporter or Mine Site under the RCM</p> <p>- Exporter Status: Determined by Third Party Audit process (Section II.3). An exporter can be Valid (Green), Provisionally Valid (Yellow), Not Valid (Red), or Not Audited (Blue).</p> <p>- Mine Site Status: Determined by a Mine Site Inspection process (Section II.1). A mine site can be Valid (Green), Provisionally Valid (Yellow), Not Valid (Red), or Not Inspected (Blue).</p> |
| Third Part Auditor (TPA) | A TPA is a person or body (Audit Firm) that is independent of the person or organization that forms the subject of the audit and is further independent of user interests in the subject of the audit, as defined in the ICGLR procedures for Accrediting TPAs (Appendix E). Only third-party audit companies and auditors accredited by the Audit Committee may be used for ICGLR TPA audits. |
| Trader | A person or company (ex. trader, field trader, broker, négociant, petit négociant, manager or trading centre) that primarily buys and sells minerals within the borders of a Member State (i.e. is not a registered/licensed exporter of minerals). |
| Upstream | The mineral supply chain from the mine to smelters/refiners. Upstream companies include miners (artisanal and small-scale or large-scale producers), local traders or exporters from the country of mineral origin, international concentrate traders, mineral re-processors, and smelters/refiners. “Upstream” may also relate to the relationship of any point in the mineral supply chain from the final point of the supply chain i.e. retailers, moving towards the mine site. |

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Validated ICGLR Certificate

An ICGLR Certificate that has been issued and countersigned by Member State officials in compliance with the Export Procedures delineated in Section II.4 and Appendix D.

Verification

“Confirmation by an Accredited Auditor, through the assessment of objective evidence, that the provisions of the [normative document] have been fulfilled. The results of Verification are used as the basis for a decision on Certification.” (RJC Certification Handbook 2009, p. 34).

1. INTRODUCTION

1.1 CONTEXT OF THE ICGLR REGIONAL CERTIFICATION MECHANISM

The purpose of this manual is to describe the minimum Requirements of the International Conference of the Great Lakes Region (ICGLR) Regional Certification Mechanism (RCM) and how they shall be implemented in Member States. These minimum Requirements can be made more rigorous according to the ICGLR Member State requirements.

The objective of the RCM is to provide mineral supply chains that have not directly or indirectly provided support to non-state armed groups or public or private security forces engaged in illegal activity and/or serious human rights abuse in and between Member States of the ICGLR with a view to eliminating support to armed groups that sustain or prolong conflict, and/or otherwise engage in serious human rights abuses. The Requirements described herein are intended to prevent non-state armed groups and public or private security forces from interfering illegally at any point along the supply chain or committing serious human rights abuses related to the supply chains of minerals.

Under the RCM, a mineral supply chain must be free of support for non-state armed groups and public or private security forces including international armed forces who: (a) “illegally control mine sites or otherwise control transportation routes, points where minerals are traded and [/or] upstream actors in the supply chain”; (b) “illegally tax or extort money or minerals at points of access to mine sites, along transportation routes or at points where minerals are traded”; and/or (c) “illegally tax or extort intermediaries, export companies or international traders.”¹ The RCM also targets the following serious human rights abuses: (i) “any forms of torture, cruel, inhuman and degrading treatment”; (ii) “any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily”; (iii) “the worst forms of child labour”; (iv) “other gross human rights violations and abuses such as widespread sexual violence”; and, (v) “war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.”²

The RCM further seeks to promote the mineral sector’s role in the peaceful economic and social development within the Member States of the Great Lakes Region (GLR) by establishing common regional standards for transparency both of mineral flows and of payments to government from the mineral industry consistent with the EITI standard.

1 As per OECD Due Diligence Guide for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Annex II (ed. 3).

2 For example, if the TPA finds that a trader supplying to an exporter is in non-conformance with Red Status Criteria then the exporter itself is also found to be non-conformant (Not Valid (Red Status)). An Audit finding that a mine site is in Not Valid (Red Status) will not automatically result in an exporter receiving Red Status, unless it can be shown that the exporter was not sourcing material from that mine site while its status was Not Valid (Red Status).

1.2 SCOPE OF THE ICGLR THIRD-PARTY AUDIT

The Independent ICGLR Third Party Audit (TPA) assures independent verification that exporter's mineral chain from mine site to export is in conformance with the Regional Certification Mechanism (RCM) Requirements and Standards. The scope of the ICGLR Third Party Audit programme covers the mineral supply chain from mine site(s) to export.

For Producer Countries audits shall examine the mineral chain from the exporter being audited, back to the minerals' point of origin in a mine site or sites, and include all Supply Chain Actors who mine, buy, sell, transport or handle the minerals on their journey from mine to export.

For Processor Countries, audits shall examine the mineral chain from the processor/ exporter being audited back to the foreign exporter who supplied the minerals to the processor/ exporter. The Audit shall include all actors who mine, buy, sell, transport, or handle the minerals on their journey from foreign suppliers to the processor/ exporter.

In cases where the exporter being audited obtains minerals both from domestic production and via purchases from foreign suppliers, the audits shall examine both the domestic mineral chain, as it would for a Producer Country, and the chain back to the foreign supplier(s), as it would for a Processor Country.

Non-conformance by any of the upstream Supply Chain Actors and mine sites from which the exporter is sourcing automatically results in a corresponding level of non-conformance being assessed on the exporter.³

The ICGLR Third Party Audit Programme is governed by a tri-partite Audit Committee, which has representation from government, local and international industry, and local and international civil society. Local industry and civil society representatives on the Audit Committee are democratically elected from among stakeholders in each eligible Member State. Given the extent of gender and human rights risks in the minerals sector, the Audit Committee should ensure adequate representation of women's rights and human rights organizations and equitable representation of women and men on the committee.

Under the ICGLR Third Party Audit Programme all 3TG exporters are subject to ICGLR Third Party Audits (ICGLR TPAs) managed directly by the ICGLR Audit Committee. The ICGLR Third Party Audit Procedure can be found in pre-audit information.

ICGLR TPAs require auditors to perform on-site inspections along the mineral chain, up to and including

³ For example, if the TPA finds that a trader supplying to an exporter is in non-conformance with Red Status Criteria then the exporter itself is also found to be non-conformant (Not Valid (Red Status)). An Audit finding that a mine site is in Not Valid (Red Status) will not automatically result in an exporter receiving Red Status, unless it can be shown that the exporter was not sourcing material from that mine site while its status was Not Valid (Red Status).

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mine sites. Audits examine the Exporter's Management Systems and each supply chain actor's conformity with RCM Requirements. ICGLR TPAs also perform a review of the exporter's risk-assessment and risk management processes that investigates, evaluates, mitigates and reports on the OECD Due Diligence Guidance Requirements – the risk and factual circumstances of conflict and conflict-financing associated with the exporter's mineral supply chain. The detailed Standards and Procedures for ICGLR TPAs are given in the RCM Manual Appendix E - Third Party Audits.

1.3 DEVELOPMENT OF THE ICGLR THIRD-PARTY AUDIT METHODOLOGY

This third-party audit methodology was developed at the request of the ICGLR Audit Committee. It is designed to provide methodological guidance and associated procedures, policies, and tools to the ICGLR Audit Committee and third-party auditors.

This third-party audit methodology is not intended as a prescriptive, or static template. This is the third iteration of what is an evolving methodology for the ICGLR third-party audit. It is designed with the intention that it is amended and continuously improved over time. It should be deployed as a tool complementary to the RCM.

2. METHODOLOGICAL PRINCIPLES

2.1 ACCURACY AND REPRODUCIBILITY

Key goals for the ICGLR third-party audit methodology are accuracy and reproducibility. Reproducibility implies that any significant changes to the reported results in successive audits would be attributable to modified management processes and performance of the auditee, and/or the auditee's supply chain, rather than different auditors' divergent interpretations of the audit criteria. Representativeness of sample size is also critical for reproducibility.

Inevitably there may be differences in audit results, which come about as a result of dissimilarities in auditor preferences and expertise. Also, the very process of sampling, albeit as representative as possible, may subsequently produce differing results for successive audits. It is important that the wording of the audit methodology, as articulated in the various checklists and supporting documents, does not leave excessive latitude for divergent interpretations by different auditors.

2.2 BEYOND THE CHECKLIST

Checklists for the exporter and mine-site are integral to the third-party audit. They are, however, only tools and do not amount to the sum-total of the audit methodology.

The Exporter Audit checklists (Annex G) set out the audit criteria against which the auditor can verify the auditee's conformance. However, the audit must be more than just a checklist to be completed by repetition and the checklists require more than a "ticking of the boxes" in the affirmative or negative. They should be treated as a summary of the issues to be investigated and oblige the auditor to anchor the findings with detailed observation and tangible corroboration.

Evaluation of the auditee's conformance with the standards as set out in the Exporter Audit Checklist will be based upon empirical evidence acquired during the audit research. The expectation is that the auditor will approach the assignment on the ground with a continuous engagement of inquiry for the facts. Given the complexity of the subject, and the interests involved, the audit must involve forensic, in-depth research and analysis; and must satisfy the Audit Committee that it has not simply been a 'tick-the-box exercise'.

Furthermore, while this third-party audit methodology is in no way prescriptive, and assumes a high level of auditor competence, it is designed to assist the auditor in moving beyond questions formulated directly from the checklists. The auditor should have sufficient expertise and experience to be able to glean the information required for verification of conformance with the audit criteria detailed in the checklists. This compels a more circumspect approach than the posing of direct questions based upon specific checklist criteria. Questioning may well need to be tangential, circling around the subject, employing indicators, noting gaps or discrepancies for subsequent follow-up and triangulation with other stakeholders.

2.3 PROFESSIONAL SCEPTICISM

The audit methodology, and by inference the recommended mindset for the auditor, draws upon the auditing principle of ‘professional scepticism’. Professional scepticism does not imply an inveterate distrust of all interlocutors, nor a conflictual or confrontational approach to auditing. However, it does denote the suspension of judgment, until adequate and sufficient evidence is gathered with which to draw a reasonable conclusion. This empirical approach implied by professional scepticism is also crucial for both the audit’s integrity and its reproducibility.

Professional scepticism involves an alertness and sensitivity to unusual circumstances; resistance to over-generalization when drawing conclusions; commitment to evidence-based assumptions; and resolution to follow audit procedures in order to reach the appropriate conclusions. The auditor’s professional scepticism, with its continuous questioning engagement with facts on the ground, should be allied with a commitment to in-depth research and analysis.

2.4 EVOLUTION/REVISION OF THE THIRD-PARTY AUDIT METHODOLOGY

The third-party audit methodology is conceived as a constantly evolving model for ICGLR third-party audits. It should not be considered static or unchanging.

Rather, as successive audits reveal unforeseen issues and challenges, the audit methodology should evolve and be improved, adapting to changing circumstances. This parallels what will likely prove to be a process of evolution and adaptation for the RCM requirements, on which the third-party audit methodology is based – just as the external regulatory environment in end user countries alters and matures, or as the facts on the ground in the region transform the operational environment. It will thus require ongoing engagement from the Audit Committee to review, revise and adapt the templates periodically.

3. AUDIT PROGRAM

It is important to remember that the third-party audit methodology, with its checklists, takes its place as just one stage within the greater third-party audit process, for which the ICGLR Audit Committee is ultimately responsible. The process is described in Annex A: ICGLR Third-Party Audit Procedure. The timeline and milestones associated with the Audit Process are provided in Annex B. The audit program will involve:

3.1 ACCREDITATION OF AUDITORS

Accreditation is undertaken by the ICGLR Audit Committee. It is carried out according to the criteria detailed in the appendices to the RCM Manual. Accreditation will last for three years (after which re-accreditation is required). Request for Accreditation will be performed by the Audit Committee utilizing the Evaluation Grid for Accreditation of Audit Firms and Auditors in Annex C.

3.2 COMMISSIONING/FUNDING/RESPONSIBILITY FOR IMPLEMENTATION OF AUDIT

The contractual commissioning of the audit is to be led by the ICGLR Technical Unit. Funding of the Audit will be the responsibility of the exporter with the ICGLR Technical Unit collecting the fees from the exporter prior to initiating the audit. The implementation of the management supervision, the attendant logistics of funding modalities, and the deliverable scheduling will be the responsibility of the Auditor. Quality control and payment to the Auditor will be the responsibility of the ICGLR Technical Unit.

3.3 COMPOSITION OF AUDIT TEAM

Composition of the audit team is particularly consequential, in terms of achieving reproducibility, and thus the third-party audit integrity and credibility. The supervision and verification of the audit team's composition is needed to ensure a consistent level of expertise and skill set for the third-party auditors. Appendix E3 to the RCM details the standards and qualifying characteristics of the independent third-party auditors.

3.4 SCHEDULING/PLANNING OF AUDIT

As part of the management supervision of the audit, the Auditor, Auditee and ICGLR Technical Unit must jointly approve of the auditor's scheduling/planning of the audit.

3.5 AUDIT

The third-party audit is to be carried out by an accredited auditor in accordance with the ICGLR third-party audit methodology, and pursuant to the RCM.

3.6 FOLLOW-UP/ACTION FOLLOWING AUDIT

The outcome of the audit is the designation of the exporter's status and the highlighting of Red or Yellow Status issues identified at an upstream supply chain actor (including mine sites) to the Member State. The designation of status is based on the number and severity of (non-) conformances and may lead to the suspension of exports for the entity. In the case of Red Status, there is a minimum period of three months suspension to produce or sell minerals until it has been re-inspected and validated. In the case of Yellow Status, a six-month provisional period is permitted to demonstrate significant measurable improvement, while there are no restrictions for Green Status.

In cases of a Red or Yellow Status designation, the Auditor must prepare a set of recommended corrective actions to be implemented by the auditee (and potentially its suppliers). This Corrective Action Plan must be agreed with the Auditee and should be submitted to the ICGLR Audit Committee and the Auditee as part of the Audit Report.

There will also need to be re-Audits for the lifting of the Red Status, or the correction of the Yellow Status condition.

3.7 APPEALS SYSTEM FOLLOWING AUDIT

The Appeals Procedure in Appendix G of the RCM Manual outlines the steps necessary to be followed by the ICGLR and the appellant in the event of an appeal lodged against the ICGLR TPA.

3.8 MANAGEMENT OF THE DATABASE OF AUDIT RESULTS

Following completion of the audit, and its acceptance by the Audit Committee, the findings of the audit will be entered by the ICGLR Technical Unit into the ICGLR Database of exporters and the Exporter Status will be updated to reflect the results of the audit.

3.9 PUBLICATION/DISSEMINATION OF AUDIT REPORT/ AUDIT SUMMARY

As per the ICGLR RCM Manual, the ICGLR Secretariat shall advise the exporter, as well as the government of the Member State in which the exporter operates, of the audit outcome with a copy of the audit report. The ICGLR Secretariat Committee shall also publish an Exporter Audit Summary Report on their web site.

3.10 EVOLUTION OF AUDIT PROGRAM PROCEDURES/ PROCESSES/TOOLS

As per the ICGLR RCM Manual, the Audit Committee shall “develop, review and revise from time to time the requirements and procedures for Third-party Audits”. The following procedures, processes, template, and tools have been developed by the Audit Committee and can be found in the Annex.

- Annex A : ICGLR Third-Party Audit Procedure Document
- Annex B : ICGLR Regional Certification Mechanism Third-Party Audit Schedule and Milestones
- Annex C : Evaluation Grid for Accreditation of Audit Firms and Auditors
- Annex D : Audit Request for Proposal
- Annex E : Proposal Template
- Annex F : Conflict of Interest Policy for the Third-Party Audit Process
- Annex G : Official Exporter Audit Checklists
- Annex H : ICGLR Regional Certification Mechanism References on Sample Size
- Annex I : Audit Observer Guidance
- Annex J : ICGLR Regional Certification Mechanism Third-party Audit Report Template
- Annex K : ICGLR Regional Certification Mechanism Exporter Audit Summary Report Template
- Annex L : Third-Party Audit Report Review Checklist
- Annex M : Thirds-Party Audit Scoring Criteria
- Annex N : Corrective Action Plan Template ICGLR Third Party Audit

4. PRACTICALITIES

4.1 ASSISTANCE IN THE FIELD FOR THE AUDITOR

The ICGLR Appendices to the Certification Manual stipulate that the audit team includes “at least one member with deep expertise in the region – preferably a person either native to the region or with years of experience living and working in the region.” Inevitably, however, that person will not necessarily have a sufficiently comprehensive knowledge of respective individual mine-sites, transportation routes, the changing security situation, cultural particularities (e.g. role of the respective chefferie in the immediate region of the mine-site), to serve as a local facilitator or guide. Thus, it is advisable for the audit team to be accompanied by at least one other person who has prior knowledge of the particular mine-sites and regional/local issues, on a micro-level. This could be a partner from civil society, a representative of local government, national/provincial mining authority, etc.

It is important for roles to be clearly designated. The local expert is a facilitator who will provide assistance to the audit team, rather than assuming any responsibility for conducting the audit per se. Also, the audit team must recognize that this facilitator may have a particular agenda, or latent bias, whether conscious or not. For example, in the case of a representative from a national or provincial mining authority, this might include a personal interest in an audit outcome which does not reflect negatively on his/her respective institution. This would be even more relevant if the third-party audit were to discover that previous mine site inspections by the national/provincial mining authority or the export certification process had been inadequate. This again underlines the need for the auditor to maintain a constant professional scepticism. It also means that selection of this facilitator must be done pending due diligence of a candidate’s standing and interests in the local region and an assessment of how their respective perceived position might influence access to certain individuals, organizations, places, and types of information.

4.2 LINGUISTIC CAPACITY OF THE AUDIT TEAM – TRANSLATION/INTERPRETATION

The ICGLR Appendices to the Certification Manual require that the audit team possess “linguistic skills appropriate to each country or region to be audited.” However, it is conceivable that occasionally the audit team will require translation/interpretation capacity, perhaps especially at mine-sites when interviewing miners, conducting research regarding transportation routes, or reviewing certain documents or records. Depending upon the individual composition of the team, and their respective linguistic skills, the Audit Committee should require, when necessary, that the auditor’s team be supplemented with a translator/interpreter who will as far as possible be a neutral actor in any dialogue with interlocutors, and who will be perceived as such (see Section 4.4, below). Provision for this capacity should be built into the planning of the audit before arrival in the field.

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Moreover, besides the perceived neutrality of the interpreter, another criterion should be the interpreter's capacity to operate successfully within the specific context of ASM mining and supply chains. This goes beyond direct translation. The interpreter needs to be able to explain concepts and processes in ways accessible to ASM miners, transporters, and traders.

4.3 TRANSPORTATION IN THE FIELD

The RCM, and thus the third-party audit, has a regional remit with the intention to extend itself eventually throughout the ICGLR Member States. As a result, there will inevitably be significant variations between respective countries' geographical scale, topography, infrastructure, and transportation links.

In some countries, transportation to mine sites might be significantly more onerous than in others – not least due to disparity in distances to be traversed, let alone transportation infrastructure (existence/state of roads, and frequency, or safety, of air or water-borne transport). Also, different security considerations, affecting transport options, may prevail in different regions and Member States.

This means that logistical planning of the field visits is of great importance to the viability of the third-party audit. The auditor will need to take the specificities of transport links into detailed account when planning the schedule of the audit. Information should be gathered from ICGLR partners on the ground in the region (e.g. national/provincial mining authorities, civil society, international NGO's, UN/MONUSCO presence) – as prior preparation to the audit field visit.

Nevertheless, despite the most systematic planning, unforeseen contingencies can and almost inevitably will disrupt the audit team's transport arrangements. So, it is highly recommended that the third-party auditor develops a pre-planned schedule and itinerary for the audit with a detailed alternative schedule/itinerary involving alternative transport routes if needed. This preparation will save time in the field: whenever an unforeseen contingency prevents access to the respective mine-site along a particular transport route, the audit team will be able to switch immediately to the alternative route, with minimal time spent attempting to research substitute means of access.

Moreover, it is critical that relative difficulty of access does not preclude pre-determined mine-sites or transportation routes from inclusion in an audit's representative and/or risk-based sample.

4.4 FLEXIBILITY IN SCHEDULE

Even in the case of deployment of alternative transport routes, it is important that both the ICGLR audit committee and the prospective auditor be sensitive to the potential that depending upon the circumstances of a particular auditee, the associated mine sites and mineral transportation routes, there will need to be a degree of flexibility in the audit schedule. This built-in contingency will inevitably impact the audit's proposed duration and cost. However, it will sometimes be necessary, and overall more cost-efficient, in order for the audit team

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to have the time, and thus opportunity, to be able to complete the audit with the required thoroughness in the event of any unforeseen contingency.

4.5 SAFETY OF THE AUDIT TEAM

As indicated in the Appendices to the RCM Manual, the audit team should possess a thorough knowledge of the local conditions prevailing, especially with regard to recent conflicts and security issues. As part of the desk-based, background literature review and ongoing risk assessment, the audit team should thoroughly update its existing knowledge of the region, taking into account any recent or ongoing developments.

In the field, the audit team should also make a conscious effort to inform itself, in some circumstances on a daily basis, of the current security status of any transportation routes it plans to take. This information can be relatively easily gathered through contact with UN/MONUSCO, national/provincial mining authorities, local government, civil society, international organizations present on the ground, as well as exporters, suppliers/traders, and transporters themselves. Intelligence should be comprehensive and corroborated through a process of triangulation from multiple sources, as opposed to relying upon one individual source.

Probably the greatest risk to the audit team will be related to the choice of transport. Road vehicles should be in good condition, with properly functioning mechanics. Drivers should be experienced and ideally endorsed by local ICGLR partners. Auditors should be cognizant of and fully observe any local, regional, or national restrictions/curfews pertaining to travel after dusk or in the early morning. Regarding air travel, auditors should not use any airlines on the EU aviation blacklist. It should also be a requirement that the auditors individually have comprehensive personal and professional insurance for the duration of their assignment.

Moreover, as part of the third-party auditor's scheduling/planning of the audit, the auditor should also provide an itinerary risk analysis prior to the onset of work in the field. The itinerary risk analysis should also be an ongoing process when the audit team is in the field.

4.6 SAFETY OF PERSONAL INTERVIEWEES

According to the RCM Manual:

“At all times, auditors shall strive to protect the physical safety and well-being of interview subjects. Where advisable, either for physical safety of interview subjects or in the interests of full and frank disclosure, interviews should be conducted in a safe location, away from the interview subject's place of employment.”

Safety of personal interviewees is of paramount importance and should be an ethical baseline governing the conduct of the audit. Sensitivity to the potential risks, which might be incurred by the subjects of their interviews, should be a foremost consideration for the audit team. Moreover, the third-party audit ultimately

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depends upon the willingness of interviewees to share information freely with the auditors. Thus, it is crucial for the operational efficacy and viability of current and future third-party audits that interviewees retain trust in both auditors and the audit process.

As per the RCM Manual, for publication in the report, “names can be kept confidential to protect the physical safety of the interview subject”. While it should always be the auditor’s responsibility to keep, as an internal record, a list of interview subjects, with date and place of interview, in certain cases, the auditor may also adopt the Chatham House Rule to maintain confidentiality (whereby neither the identity nor the affiliation of the speaker may be revealed, though the contents of the discussion can be disseminated). In other situations, it might be possible for the auditor to provide anonymity to the interview subject, while publishing in the report the subject’s affiliation. The auditor must be transparent and proactive in discussing with each interview subject these varying degrees of confidentiality and seeking consent for reporting identity and/or affiliation or neither. This forms part of the standard consent procedure that should take place at the outset of any formal interview, and the decision on the degree of confidentiality should also be revisited for confirmation at the end of each interview.

The issue of confidentiality is also relevant to that of interpretation and linguistic capacity of the audit team (see Section 4.1.1, above). While the audit team should have linguistic capacity relevant to the region, it is quite likely that at the mine site level interpreting may be required for interviews of individual miners. In that case, it is important to bear in mind, as discussed in Section 4.1, above, that the field assistant/guide/facilitator might not be a completely disinterested party. Regardless, it is even more likely he/she would not be perceived as such by the interview subject, which could in turn inhibit the interview. This reinforces the need for an interpreter or translator who can function as neutrally as possible and be perceived as such.

Due to the occasional sensitivity of the subject and potential vulnerability of the interviewee, the auditor should always attempt to conduct interviews on a one -to-one basis, in a “safe location”. In practice, it may be extremely difficult to conduct interviews away from the subject’s place of employment, not least because most mine sites are relatively remotely located, and also due to the fact that a very visible effort to find an interview location far from the place of employment could counterproductively attract attention, and so rebound on the interviewee.

However, the auditor should ensure a discreet meeting room, or place, for the conduct of interviews, for all interviewees (so as not to attract attention to any particular interview subject), and out of earshot. On the other hand, in some cases it may be beneficial as well as time-efficient to employ group interviews, focus groups and/or roundtables. For example, a roundtable when interviewing civil society representatives can provoke and further animate discussion; while a focus group made up of individual miners or mining company/mine site management at a particular mine site is often useful as it allows the dialogue to be almost self-correcting, with factual errors being identified and corrected by others in the group.

4.7 PHOTOGRAPHIC EVIDENCE – FIELD VISITS AND DOCUMENTARY RECORDS

Auditors should back up their impressions and notes with photographic evidence as much as possible. This can be used later both as memorial tool for the writing of the report, and as well as potential empirical evidence in the case of a disputed finding.

In addition, while auditors should always attempt to secure hard or soft copies of records, in certain situations records will only be available in the original physical ledgers or bindings in which they were created by the respective entity. There also may be no duplication services at the site. In this case, auditors should be as comprehensive as possible in scanning or photographing handwritten and paper records on site. This might particularly be the case with tagging logbooks, whether for the exporter/processor, négociant or mine site operator, or financial records, transaction records, Chain of Custody records, company/staff/payroll records, tax payments, etc. A sufficiently representative sample should be scanned or photographed (see Section 5.3, below). Additional Guidance can be found in Annex H. The record review should “take place in the actor’s normal place of business”. While this is obviously the case, the review of records need not be confined to the initial viewing in the “actor’s place of business”. The audit team can also examine the photographic or scanned copies of the records later; and, if necessary, return to the place of business for further examination in situ.

4.8 LIAISON WITH LOCAL AUTHORITIES

In the field, auditors should liaise with local authorities and, in certain circumstances representatives of the police or security forces. Besides being a basic courtesy and serving to obviate potential problems during the course of the field visit, this may also be an opportunity to identify possible subjects for interview, especially in the context of the security/recent conflict situation as part of the ongoing risk assessment. Again, a process of triangulation, through interviewing/canvassing as many sources as possible, will build up a potentially more representative and accurate picture of the overall situation.

Moreover, contact with local authorities might also include interaction with representatives of the local chefferie. This would be particularly useful when the auditor is attempting to gauge the conformance of the mine-site or transportation route in terms of legal or illegal payments.

For liaison with local authorities and representatives of the police and security forces, it may be important for the ICGLR Technical Unit or the exporter to furnish the audit team, prior to the onset of the audit, with the appropriate documentary evidence of ICGLR accreditation for the third-party audit, with an ‘ordre de mission’ (mission order).

4.9 ADVANCE NOTICE OF THE THIRD-PARTY AUDIT SITE VISIT

The auditor needs to give advance notice of the audit team's site visit, whether to the exporter, mine-sites, or trader/négociant. This is important to ensure that the appropriate support staff members are available on site for interview, and that the requisite documents are available for review. Also, some records might normally not be kept on site (e.g., financial records maintained at the office of the company accountant). On the other hand, in order to counter possible tactics of dissimulation at the mine site, the audit team is advised against giving an excessive notice period. Alternatively, the audit team could make an initial unannounced visit to the mine site, in an attempt to verify the genuine production capacity of the mine-site. If the auditor does make an unannounced visit, they must inform the management upon their arrival. For safety reasons, Auditors should not access mine sites without informing the mine site operator of their presence. If prospective interviewees or documents were not available at that initial visit, a subsequent visit could be arranged with sufficient forewarning to the mine-site operator.

Besides geographical and topographical differences between Member States, there are significant differences between the respective trading chains of certain Member States.

The most significant difference concerns the role of intermediaries or traders/négociants. In some Member States "briefcase traders" of minerals operate but, as they may be outside the chain of custody system or third-party due diligence service providers, they do so illegally. However, in the DRC, négociants play a very central and continuing role and are legally allowed to do so. Exporters do not buy directly from mine sites. Rather they buy from négociants or traders, who in turn often source from other négociants along an extended trading/supply chain back to the mine site. In principle, only négociants furnished with their own 'carte de négociant' can trade. However, in practice, the representatives of négociants do also trade. Moreover, as négociants trade and aggregate minerals from different sources, it becomes increasingly difficult to establish the provenance. This extended trading chain makes traceability of minerals from the point of export back to the mine-site sometimes tenuous. The risk is that minerals from certified mine sites might be mixed with minerals originating from non-certified mine-sites, though against DRC regulations. Those mine-sites and exporters which are part of a Member States licensed third-party due diligence programme do not generally pose a problem due to the licensed chain of custody.

5. AUDIT METHODOLOGY

The third-party audit involves the following methodological steps:

- Literature review
- Risk evaluation
- Representative sampling - records
- Representative sampling – mine-sites
- Records review
- Interviews
- Field visits – exporter, traders/suppliers, mine-sites
- Transportation route verification
- Capacity review
- Optional traceability tool deployment
- AMD
- Reporting

5.1 LITERATURE REVIEW

As background, desk-based research, third-party auditors will review all relevant publications.⁴ These include, but are not limited to:

- Local and international media,
- Recent UN reports (UN agencies, DPKO/MONUSCO, UN GoE)
- Previous ICGLR third-party audits and whistle blowing information from within the RINR
- EITI reports
- Recent NGO reports, both local and international
- Academic publications and corporate publications
- Government and national/provincial mining authority regulations and publications regarding a sometimes-fluid regulatory regime
- National/Provincial mining authority, mine site inspection reports
- Governance assessments, baseline studies, recent audits and audit summaries by the various operational third-party due diligence service providers and licensed chain of custody systems in the region.

The literature review serves two purposes: firstly, it should raise information that may inform a conformance decision for items on the checklists. Secondly, it will build the auditor's understanding of the operating

⁴ It is assumed as a given that the accredited auditor would also be fully familiar with relevant risk assessment, audit & due diligence guidance (e.g. OECD-UN Guidance, CFSP, WGC, LBMA, RJC, Fairtrade, Fairmined, IFC Standards, Equator Principles all relevant ISO norms, etc.)

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environment, key stakeholders (and thus interviewees to engage), and prevalent risks and their likelihood, as the basis for developing tactics for questioning on sensitive issues successfully.

As per the ICGLR RCM Manual, the literature review should form part of the audit report.

5.2 RISK EVALUATION

Prior to conducting the Audit, an evaluation of risks associated with the exporter's operations and supply chain should be conducted. Auditors should pay particular attention to the suggested questions posed in Part C of the OECD Due Diligence Guidance 'Guiding Note for Upstream Company Risk Assessment' during this evaluation. The risk evaluation should be both part of the background, desk-based preparation for the audit's research in the field, and an ongoing aspect of the auditor's field work, involving interviews with field-based actors such as UN/MONUSCO personnel, national/provincial mining authorities, civil society platforms, security forces, etc.

The risk evaluation should also involve supply chain mapping in terms of which organizations supply the exporter where they are based, and exactly what is traded from them (and in what volumes). The risk evaluation is a particularly important contextual component of the third-party audit.

5.3 REPRESENTATIVE SAMPLING

Following the RCM Manual, "Sample size must permit reasonable conclusions about the effectiveness of the Exporters management system as it pertains to the totality of their suppliers and mine sites."

5.3.1 REPRESENTATIVE SAMPLING RECORDS

The records review is a key component of the third-party audit. It should necessarily be as exhaustive as possible. However, it is highly likely that, in some circumstances, especially when auditing the largest exporting entities with the broadest range of suppliers, the audit team will not be able to make a detailed review of every record given inevitable budgetary and time constraints. If this is the case, the auditor should be able to make a justification in the report for the consequent representative sampling of the records. This will also have implications for the level of assurance the auditor is able to give. If the scope of the records review is not as exhaustive as would be necessary for the auditor to say with confidence that the exporter is in conformance with the RCM Standard, then a limited assurance statement will have to be issued, where s/he can state that nothing could be found that would suggest that the auditee is not in conformance. See glossary on 'limited assurance' and 'reasonable assurance' for further information.

Where representative sampling of records is required, it is recommended that the auditor prioritize the review, inter alia, of records pertaining to transactions with the mine sites selected for the representative and/or risk-based

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sample, including both upstream transactions with suppliers/négociants/transporters or mine site operators, as well as consolidation of the minerals for onward downstream exportation. This is intended to ensure a review of all records concerning the supply chain between the exporter and the representative sample mine sites, including the respective transportation routes. Additional guidance can be found in Annex H.

5.3.2 REPRESENTATIVE SAMPLING – MINE SITES

Following the RCM Manual, “Sample size must permit reasonable conclusions about the effectiveness of the exporters’ management system as it pertains to the totality of their suppliers and mine sites.” As an alternative to a fixed percentage for sample size, which might prove problematic when faced with an audit of a particularly large-scale exporting entity, the auditor could be required to inspect, as the minimum, the first three most significant suppliers to the exporter, in terms of volume and value, as well as two further mine sites selected at random from the first two quartiles of supplier mine sites, in terms of volumes and values of productions.

Alternatively, sample size could be decided on an ad hoc basis, with the auditor required to propose a representative sample, and justify his choice, as part of the audit plan, and subject to approval by the Audit Committee, or whichever body is responsible for management supervision of the third-party audit.

In addition to the issues of representative sampling and sample size, there could also be risk-based selection of mine sites. In certain circumstances, subject to the third-party auditor’s risk assessment, risk-based selection should be incorporated as part of the sampling process. There should be a requirement for the third-party auditor to evaluate whether risk-based selection would be advisable, as part of the risk assessment.

Moreover, in the case of an exporter who deals in and exports more than one mineral and/or all 3Ts, the sample of suppliers should also include each of the minerals exported. Additional guidance can be found in Annex H

5.4 RECORDS REVIEW

Records for review should include, but not be limited to:

5.4.1 EXPORTER

- a. Exporter
 - Registration of business, shareholding, and ownership documents
 - License document
 - Management organigram, clearly designating responsibilities
- b. Operations
 - Company policies regarding due diligence (e.g., as per annex II of the OECD-UN Guidance)
 - Due diligence reports resulting from exporter’s internal mine site inspections
 - Company risk assessments

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- Procedures for delivery of minerals
 - Procedures for processing of minerals
 - Procedures for export of minerals
- c. Personnel
- Employment contracts (with special attention to due diligence conformance clauses, if applicable. Also, is there delineation of responsibilities in staff contracts? And, or, is conformance mentioned in the contract?)
- d. Contracts
- List of all suppliers including contact details
 - List of all customers including contact details
 - Contracts with suppliers (mine site operators/traders/négociants)
 - Contracts for security providers
 - Payment to security providers
 - Contracts for transportation
- e. Authorities
- Reports of all issues as exchanged with national/provincial mining authorities
 - Correspondence & reports/minutes of all meetings with police & security forces (especially regarding transportation route issues)
- f. Material & Financial Accounting
- Production and processing records
 - Stock records, over intervening 12 months
 - Reports of physical verification of stock
 - Transaction records for all mineral purchases, over intervening 12 months
 - Transaction records for all mineral exports, over intervening 12 months
 - Financial auditing reports
 - Payment receipts
 - Bank account statements
 - Tax returns – national, provincial, and local government taxes and royalties, where applicable
- g. Other
- National/provincial regulatory regime export conformance documents
 - Chain of Custody records (e.g., third-party due diligence service provider's chain of custody)

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- logbooks, exporter database)
- Procedures for analysis of mineral samples
- Analytical reports
- Documentation of consumables and equipment usage
- Incident reports of security providers
- Certification records (ICGLR and others, e.g., Certificate of Origin)
- Customs records
- Delivery notes
- Off-take or pre-financing agreements with buyers
- Contract with shipper

Due to trading chain and regulatory differences between the respective Member States, there will be variations in the number and nature of records and documents for the auditor to review.

The auditor should also specifically request the correspondence, invoices, payment receipts for all Member State organizations involved in the mining and export of minerals. This includes receipts for all administrative paperwork required for export.

5.4.2 MINE SITE

- a. Mine site Operator
 - Registration of business, shareholding, and ownership documents
 - Management organigram, clearly designating responsibilities

- b. Due Diligence
 - Company policies regarding due diligence
 - Due diligence reports and records
 - Company policies relevant to ICGLR status

- c. Personnel
 - List of all staff, both permanent and temporary
 - List of all sub-contractors
 - List of all sub-contractor staff
 - Employment contracts (with special attention to due diligence conformance clauses, if applicable. Also, is there delineation of responsibilities in staff contracts? And/or, is conformance mentioned in the contract?)

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- d. Contracts
 - Contracts with sub-contractors
 - Contracts with traders/négociants/exporters
 - Contracts for security providers
 - Payment to security providers
 - Contracts for transportation

- e. Authorities
 - All communication with national/provincial mining authorities
 - Correspondence & reports/minutes of all meetings with police & security forces (especially regarding transportation route issues)

- f. Financial and Material Accounting
 - Production and processing records
 - Mine-site stock records, over intervening 12 months
 - Reports of physical verification of stock
 - Transaction records for all mineral sales, over intervening 12 months
 - Financial auditing reports
 - Payroll documents
 - Payment receipts
 - Bank account statements
 - Tax returns – national, provincial, and local government taxes and royalties, where applicable
 - Traceability records (e.g., third-party due diligence service providers CoC logbooks, mine site database of tag numbers)
 - Staff/subcontractor insurance records
 - Internal risk assessments

- g. Other
 - Mining license
 - Government mine site inspection data / history
 - Documentation of land title
 - Geological and AMD reports
 - Records on consumables and equipment usage
 - Mine plan
 - Reports of miner-community interactions
 - Reports by local communities (e.g., labour inspector)
 - List of payments/purchases for subcontractors (this is not on the payroll)

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- Incident reports of security providers
- Staff/miner training records
- Delivery notes

5.4.3 TRADERS/NÉGOCIANTS

- a. Trader
 - Ownership documents
 - Trader/négociant license
 - Management organigram, clearly designating responsibilities

- b. Due diligence
 - Company policies regarding due diligence
 - Due diligence reports

- c. Personnel
 - List of all staff, both permanent and temporary
 - Employment contracts (with special attention to due diligence conformance clauses, if applicable. Also, is there delineation of responsibilities in staff contracts? And/or, is conformance mentioned in the contract?)

- d. Contracts
 - Contracts with mine-site operators
 - Contracts for transportation
 - Contracts with exporters

- e. Authorities
 - All communication with national/provincial mining authorities
 - Correspondence & reports/minutes of all meetings with police & security forces (especially regarding transportation route issues)

- f. Material & Financial Accounting
 - Transaction records for all mineral purchases and sales, over last 12 months
 - Financial auditing reports
 - Payroll documents
 - Payment receipts

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- Bank account statements
 - All administrative payment receipts, including payments to chefferie
 - Tax returns – national, provincial, and local government taxes and royalties, where applicable
 - Traceability records (e.g., third-party due diligence service providers tagging logbooks, mine-site database of tag numbers)
- g. Other
- Local authority reports

5.5 INTERVIEWS

Semi-structured qualitative interviewing is an integral aspect of the research required for the third-party audit. Interviews should be extensive and complementary to the analysis of quantitative data involved in the records and capacity reviews.

As discussed in Section 2.2, above, the auditor should use the checklists as a reference for the criteria to be verified, and not as a script for interview questions.

The interview is a data-gathering tool. It will provide testimonial evidence, which can then be used as a pointer to track down documentary and/or physical evidence.

In terms of interview techniques, this third-party audit methodology does not advocate a prescriptive schematic for each and every interview. On the contrary, the auditor should be expected to adapt interview technique and approach on a case -by-case basis for each and every exchange. Indeed, in some circumstances an engagement involving direct questioning regarding conformance with the audit criteria might be more appropriate. However, it is the auditor's responsibility, and presumably within his professional competence to gauge what approach or techniques might be required.

Some basic interviewing principles might include:

- Attempt to establish a rapport with the interviewee. This, and an empathetic manner, might put him/her at a relative degree of ease and make more likely the disclosure of relevant information
- Avoid close-ended questions, which invite the response of “Yes/No”
- Open-ended questions are preferable, allowing the interviewee to reveal additional information and points of sensitivity – sometimes inadvertently through omission of data which has already been established through interview triangulation with other subjects
- Be comfortable with extended silences, expectant pauses. These may encourage the interviewee to follow up them with further information
- Avoid leading questions – these are counter-productive and risk over-determining the interlocutor's response

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- Move incrementally from simple to complex questions, routine to difficult, anodyne to sensitive
- Employ a progressive questioning technique – from the general to the increasingly specific
- Use active listening techniques – including words of encouragement; physical signs of encouragement (e.g., nodding affirmatively, maintaining direct eye contact, other body language); mirroring what the interviewee has just said through repeating or restating in one's own words; following up/probing in order to encourage the interviewee to expand on what he/she has just said
- Maintain a studied neutrality in demeanour when necessary – e.g., if an interviewee were inadvertently to reveal sensitive information, the interviewer should not alert him/her to this through animated note-taking or sudden perking up of interest
- Employ situational interviewing techniques. These involve postulating a hypothetical situation, in terms accessible to the interviewee, as an alternative to a more direct line of questioning
- Ask questions about other actors in the supply chain, whether hypothetically situational or real. The interviewee may gratefully take up the opportunity to deflect attention onto other operators
- Be cognizant of safety concerns as discussed in section 4.3, above.

In general, it is advisable to formulate a trajectory to the questions to be posed as part of the preparation for the interview in order to lead to the critical issues through a tangential or lateral approach. Besides helping to establish a comfort zone for the interviewee, this can contribute to the inadvertent disclosure of important information.

It is recommended to establish in one's mind what might be the potential indicators of a non-compliant situation.

To take one hypothetical example - rather than asking immediately or directly about the presence of armed groups at a particular mine site, the auditor might prepare for the interview by researching the history of the area and the impact of any conflict on the local population. By deploying this approach and enquiring about when the armed groups left the mine site area, rather than directly asking whether armed groups are still currently active in the area, the auditor broaches the subject of armed groups in a historical rather than current context. The auditor would note any discrepancies in the interviewee's historical narrative, any omissions, or contradictions. Furthermore, through a process of cross-referencing and triangulation with the accounts of other interviewees the auditor would then be able to judge whether the testimonial evidence merited likelihood or need for further research.

5.5.1 INTERVIEWS AT THE EXPORTER SITE

Interviewees should include, but not be limited to:

- CEO/Managing Director of exporting entity
- Production manager

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- Warehouse/mineral storage manager/foreman
- Due diligence manager
- Lab manager (in-house or contractor)
- Staff involved in exporter's mine site inspection
- Administration manager
- Financial manager/accountants
- Marketing managers
- National/provincial mining authority agents, based on site
- Security guards
- Technical employees
- Third-party due diligence and CoC providers
- Customs agents with specific responsibility for the exporter, where applicable

5.5.2 INTERVIEWS AT THE MINE-SITE

- CEO/Managing Director of mine-site operations; mine coordinator/manager, where applicable
- Government management representative, in cases of joint ventures with the state
- Cooperative president, where applicable
- Financial manager/accountant
- Human resources manager
- Mineral store manager
- Mining production manager / Mine site sub-contractor manager
- Mining foremen/mining team leaders
- Any women or children on site, not involved in mining
- Any women or children, involved in mining
- ASM miners (in focus groups, and one-to-one)
- Third-party due diligence and CoC providers
- National/provincial mining authority agents, on site (and outside)
- Local government representatives in the locale
- Local police and/or security forces
- Community leadership, church leaders
- Women in the local community, near the mine-site
- Civil society in the locale
- Customary chiefs, or their representatives, where applicable
- Miner organizations (unions, associations), where applicable

5.5.3 INTERVIEWS ALONG THE TRANSPORTATION ROUTE

- Pilots of airplanes and helicopters involved in mineral transportation
- Managers and administrators of transport companies
- Drivers of trucks, taxis/other vehicles, and motorbikes used for mineral transportation
- Porters involved in transportation
- Traders and négociants who play a role in the chain of trading along the transportation route
- Local authorities in trading centres along the transportation route
- Security guards accompanying minerals in transit (especially relevant in the case of industrially mined gold)
- Police or security forces along the transportation route
- Customs/border control personnel

5.5.4 OTHER INTERVIEWS

- Civil society actors (including media – local journalists)
- Third-party Due Diligence and Chain of Custody Providers
- Law enforcement entities responsible for the interdiction of illicit internal circulation of minerals and smuggling

5.6 FIELD VISITS

The auditor will examine the exporter sites, selected mine-sites, trading centres, as well as the routes used to transport the minerals between the respective sites. The auditor will use site visits to examine records, conduct qualitative semi-structured interviewing, hold focus groups, and employ direct observation.

Field visits need to be in-depth, and of appropriate duration for larger mine-sites and exporter sites. The longer the duration of the mine-site visit the more difficult it will be for fraudulent operators to sustain a dissimulation regarding the mine-site's capacity (see Section 4.7, above). Budgetary and time constraints will obviously preclude the auditor from staying in one location for extended periods⁵. However, as a work-around, the auditor (or respective members of the audit team, if the audit team has chosen to split up to cover more sites) could return unannounced to the mine-site for subsequent follow-up inspections during the audit team's assignment in the region.

The auditor should provide detailed descriptions of the mining, trader, and exporter context. These should include, but not be limited to:

⁵ However, in certain circumstances (e.g. when the audit team has several members), the audit team should be prepared to split up to cover more ground and thus achieve a more comprehensive overview of the auditee's operations, transportation routes, and suppliers.

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- Availability of water and electricity at the mine site
- Functionality of processing/mining equipment
- Fluctuation in number of workers on site. This should involve both documentary examination and direct observation (e.g., if the mine site personnel records were to claim a significant payroll, while direct observation indicated notably fewer miners on site, this anomaly should be explored)
- Accessibility to the mine site during dry and rainy season as a basis for production capacity evaluations
- General accessibility of transportation routes to the mine site, and transportation options for mineral egress from the site (e.g., if the only means of access to the site are by foot, claims of multiple tonnage monthly production might merit further examination)
- Storage of minerals at the mine site (e.g., if the mine site declares a large monthly production capacity, whereas the mineral storage facilities are limited, or insecure. This should alert the auditor to a possible irregularity)
- In the case of third-part due diligence or CoC, organization, storage, and security of the CoC tools (this consideration would also apply to the field visit to the exporter)
- Does the mine site operator employ regular, documented physical verification of stock (this would also be applicable to the field visit to the exporter)?
- Presence of people not involved in the mine site operations on site (e.g., who are they? What are they doing? Why are they there?)
- Organization of the mine-site operator's and/or exporter's record-keeping. Are the documentary records comprehensive and appropriately filed? (e.g., if the records are incomplete and/or physically dispersed throughout the exporter's premises without clear rationale, this might be cause for concern)
- In the case of an exporter which claims in its records to have itself provided the transportation of the minerals from a particular mine site to the exportation point, is there any evidence of such a transport capability at the exporter site? If not, is there any documentary evidence for the rental/contracting of such transportation services?

The auditor should keep photographic and written records of the audit team's observations on field visits. The respective checklists will also be a crucial tool.

5.7 TRANSPORTATION ROUTE VERIFICATION

While the third-party audit is primarily focused on the onus of the exporter, evaluation of transportation routes are integral to the issue of the exporter's conformance.

This should be not just scoping the transportation route, but also stopping on the way, meeting with négociants and local comptoirs along the route.⁶

⁶ This is especially the case where the trading chain often involves multiple intermediary transactions, along the transportation

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The audit team should follow the same transportation routes between the selected mine-sites and the exporting entity. These routes should be closely examined, particularly looking for the erection of barriers and checkpoints where illegal tariffs might be exacted from the traders/transporters.

The auditor should examine the financial records and other records of transportation companies employed between exporters and selected mine-sites.

5.8 CAPACITY REVIEW

The capacity review involves cross-checking whether the volume, tonnage and grades of minerals produced/traded/exported is consistent with the capacity of the selected mine-site. Capacity review is a key aspect of the auditor's activities during the field visits.

For example, if the selected mine site has allegedly had a fluctuating monthly production of between one and eight tons of a certain mineral (such an oscillation by itself might well generate an alert on the part of the auditor), the sustained direct observation at the mine site should support the determination whether this production is feasible. Examination of the tunnels, mineral stocks, and the number of miners on site, combined with analysis of employment and payroll records will be key determinants for the capacity review. Another aspect of the capacity review is to verify whether a trader is known to the operators of mine-sites where the trader claims to have sourced minerals; and whether the volume of minerals the trader claims to have purchased is corroborated by the mine-site operators or miners. The capacity review will involve quantitative data analysis as well as qualitative interviewing and direct observation.

A hypothetical example of the challenges faced by the auditor, and the role of the capacity review in tandem with other investigative techniques might be as follows: a smuggling operation could source low-grade mixed (cassiterite-coltan) concentrate in one country, then discard some of the low-grade mixed concentrate at the exporter level, while replacing with high-grade coltan concentrate smuggled in from another country. With the weights balanced, there would be no way to control this through tagging of the minerals from the supposed mine site suppliers. The third-party auditor should be alert to such hypothetical scenarios. Through a combination of capacity review of supplier mine sites, an understanding of typical mineral quality by region, examination of supply chain integrity, forensic documentary analysis, extensive interviewing, as well as the deployment of traceability tools, such as the Analytical Fingerprint (AFP), the auditor should be able to detect such dissimulation.

5.9 TRACEABILITY TOOLS: ANALYTICAL MINERAL DETERMINATION (AMD)

In some cases, the auditor will see fit to use Analytical Mineral Determination technology, which will allow the forensic verification of minerals' provenance/origin in some cases where a given mine has been included in a AMD reference database. This is intended for selective rather than universal use, and would likely be most suited when an alert has been raised, when there is need for further verification following an incident, and/or in case of lack of adequate documentation. Should the auditor wish to follow up on the usage of AMD sampling, he/she should liaise with the ICGLR secretariat in Bujumbura for further information on its feasibility and instructions regarding control-sampling procedures.

5.10 REPORTING

According to the Appendices to the ICGLR CM, the audit report should be submitted within 30 days following completion of the field visits. The audit report should include detailed observations and empirical corroboration for all findings of conformance and non-conformance, according to the ICGLR Standards. The Audit report and Exporter Audit Summary Report can be found in Annex J and K, respectively.

There will be a Summary Audit Report generated and loaded up on the ICGLR web site by the ICGLR Technical Unit that covers essential details regarding the auditee, the circumstances of the audit, sample of sites inspected, the respective status for individual status criteria, including justifications in each case for the designation of Red and or Yellow Status.

It is the auditor's responsibility to keep all field notes (including spreadsheets, checklists, photographs, written observations) for a minimum of five years.

6. ISSUES DIRECTLY RELATED TO THE THIRD-PARTY AUDIT

6.1 MANAGEMENT SUPERVISION OF THE THIRD-PARTY AUDIT

The RCM Manual outlines the management process for the TPAs in Section II, subsection 3. Third Party Audit Requirements. This defines the role of the ICGLR Secretariat, the Audit committee, Auditor and Auditee. Additional processes are defined in the Audit Procedure.

6.2 AUDIT COST AND AUDIT DURATION

Audit cost is obviously of great concern, both in terms of its burden on the industry actors, and for the overall viability of the third-party audit process.

Much will depend upon the duration of the audit, and particularly the provenance of the accredited auditors. Duration will also in part depend upon the geographical location of sites, as well as available transport routes, and the scale of auditee operations.

Due to cost considerations, local knowledge, and the desirability of building capacity in the region, it is recommended that the accredited third-party auditors be mainly regionally based.

Costs could be managed by ensuring inter-operability between RCM audits and audits for the purposes of other responsible sourcing initiatives.

6.3 THIRD-PARTY AUDIT APPEALS PROCESS

The Appeals procedure defines the process for receiving, evaluating, and deciding on appeals of decisions taken by the various ICGLR organizations performing audits and investigations. The RCM Manual Appendix G: Appeals Procedure details the procedure to be followed by the ICGLR and the Appellant in the event of an appeal lodged against the ICGLR TPA.

6.4 THIRD-PARTY AUDIT ROLE IN STATUS DESIGNATION

Based on the findings of the auditor, the Audit Committee will determine Exporter Status and communicate its determination to the ICGLR Secretariat. The ICGLR Secretariat will validate the Exporter Status and ensure the Exporter Status is communicated to the Member State and exporter and updated in the ICGLR database.

6.5 PUBLICATION/DISSEMINATION OF THE THIRD-PARTY AUDIT

It is the role of the Audit Committee to provide copies of the Final Audit Report to the Member State and Exporter. The Audit Committee will approve a Summary Audit Report and will assure the ICGLR Technical Unit uploads the Summary Audit Report on the ICGLR website. The formats and templates for the audit process can be found below.

ANNEX A: ICGLR THIRD-PARTY AUDIT PROCEDURE DOCUMENT

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

1. INTRODUCTION

The Independent ICGLR Third Party Audit (TPA) assures independent verification that an exporter’s mineral chain from a mine site to export is in conformance with Regional Certification Manual (RCM) Requirements and Standards.

The scope of the ICGLR TPA covers the mineral supply chain from the mine site(s) to export. Audits shall examine the mineral chain from the exporter being audited, back up the mineral chain to the minerals’ point of origin in a mine site or sites, and include all those actors who mine, buy, sell, transport, or handle the minerals on their journey from mine to export, including but not limited to producers (industrial and/or artisanal and small-scale mining (ASM)), traders, processors, smelters/refiners, and exporters.

Non-conformance by any of the upstream traders, suppliers, or sites of origin from which the exporter is sourcing automatically results in a corresponding level of non-conformance being assessed on the exporter; that is, if the TPA finds that a mine site supplying to an Exporter has a Red-Status category then the exporter itself is also found to be Not Valid/Red Status. An Audit finding that a mine site is in Not Valid (Red Status) will not automatically result in an exporter receiving Red Status unless it can be shown that the exporter was sourcing material from that mine site while its status was Not Valid (Red Status).

The ICGLR TPA system is managed by a tri-partite Audit Committee, which has representation from government, local and international industry, and local and international civil society. Local industry and civil society representatives on the Audit Committee are democratically elected from among stakeholders in each eligible Member State. The Audit Committee accredits auditors and sets the standards and terms of reference for ICGLR third-party auditors.

ICGLR TPAs require auditors to perform on-site inspections along the mineral chain, up to and including

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mine sites. Audits examine the exporters' management systems and each supply chain actor's conformity with the RCM. The TPAs also perform a review of the exporter's risk assessment and risk management processes that investigates, evaluates, mitigates, and reports on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Third Edition (OECD Due Diligence Guidance) Requirements – the risk and factual circumstances of conflict and conflict-financing associated with the exporter's mineral supply chain. The detailed Standards and Procedures for ICGLR TPAs are given in the RCM Appendix E – Third-Party Audits.

2. GOAL

The goal of this procedure is to:

- Contribute to the improved due diligence performance of minerals supply chains in the Great Lakes Region.
- Help promote legal trading routes in the Great Lakes Region.
- Outline the steps necessary to prepare, conduct and report on the ICGLR Third-Party Audit.

3. SCOPE

This document is applicable to all ICGLR RCM actors. The ICGLR TPA covers the mineral supply chain from the mine site(s) to export. Audits will examine the mineral chain from the exporter being audited, back up the mineral chain to the minerals' point of origin in a mine site or sites, and include all those actors who mine, buy, sell, transport, or handle the minerals on their journey from mine to export, including but not limited to producers (industrial and/or ASM), traders, processors, smelters/refiners, and exporters.

4. RESPONSIBILITIES

4.1. ICGLR SECRETARIAT

- Ensure that standard contracts are in place with the Accredited Audit Firms and the exporters.
- Support administratively the Audit Committee and ICGLR TPA process.
- Support and protect third-party auditors working in the field within the Member States.
- Validate the proposed Exporter Status based on the recommendation of the ICGLR TPA report and as communicated by the ICGLR Audit Committee.

4.2. ICGLR AUDIT COMMITTEE

- Develop and revise this Procedure, methodology, templates, and tools for ICGLR TPAs consistent with Appendix E of the RCM Manual.
- Develop and provide a standard contract template to be used:
 - Between all Accredited Audit Firms performing and the ICGLR Secretariat.
 - Between all exporters and the ICGLR Secretariat.
- Serve as the Accreditation Body for the accreditation of third-party audit firms and auditors in accordance with the Standards identified in Appendix E2 - Accreditation Body Requirements and use the Accreditation Standards in Appendix E3 - Accreditation Standards for Third-Party Auditors of the RCM.
- Withdraw accreditation from an ICGLR third-party audit firm or auditor if in the considered opinion of the Audit Committee the third-party audit firm or auditors fail to meet the requirements detailed in Appendix E.
- Assure audits must take place at a minimum once every 3 years.
- Review draft ICGLR TPA reports and provide feedback to third-party auditors.
- Review and approve final reports produced by third-party auditors, including the proposed Exporter Status.
- Inform the ICGLR Secretariat of any change to the Exporter Status.
- Provide copies of the Final ICGLR TPA Audit Report to the relevant Member State and exporter.
- Publish Summary Audit Reports on the ICGLR website and transfer them to the Regional Database on Mineral Flows (RDMF) Unit for upload to the RDMF.
- Manage the Appeals Process as described in Appendix G - Appeals Procedure of the RCM.

4.3. THIRD-PARTY AUDITORS

- Conduct audits of Exporters (i.e., smelters, processors, comptoirs, mines, or other exporting entities) in accordance with this Procedure and the templates and tools developed by the Audit Committee.
- Have a signed contract in place with the ICGLR Secretariat prior to the conduct of an ICGLR TPA.
- Undertake the following elements during the audit process:
 - a. Conduct a literature review:
 - Review relevant publications, particularly publications that address the conflict situation in the region under audit. Relevant publications include but are not limited to local and international media, recent UN reports, recent NGO reports, academic publications, and corporate publications (notably corporate risk review documents required by the OECD).
 - The findings of the literature review shall form part of the Audit Report. ICGLR third-party auditors must undertake not to use the information for commercial gain.

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- b. Evaluate Exporters Risk Assessments/Spot Checks:
 - The evaluation shall pay particular attention to the suggested questions in Part C of the Guiding Note for Upstream Company Risk Assessment contained in the Supplement on Tin, Tantalum, and Tungsten that forms part of the OECD Due Diligence Guidance.
 - Include the findings of the Risk Assessment/Spot Check in the audit report.
 - Conduct in-country interviews⁷ with key stakeholders:
 - Stakeholders shall include, among other things, the relevant management and staff of the exporter, relevant local government officials (i.e., Mine inspectors, Customs, Police, or other officials of relevant government branches), civil society, knowledgeable local NGOs, UN Experts or Political Officers, mineral traders, and their employees, mineral producers⁸.
 - Interviews shall evaluate the exporters' compliance with the Requirements of the RCM, and in particular with obtaining information regarding the presence of conflict-affected minerals in the mineral chain, or the contribution of exported minerals to the funding of conflict in the region.
- c. Conduct a records review of financial, Chain-of-Custody (CoC), and other programs to verify that the various actors are fulfilling the system requirements regarding CoC and conflict financing. The reviews shall take place in the actors' normal place of business.
- d. In examining the records of exporters, traders, miners, or other actors in the mineral chain, third-party auditors shall inspect a percentage of the records to justify general conclusions about the totality of the record set. If this percentage is less than 100%, the third-party auditor shall justify the chosen sample size (the percentage of records examined) in writing, demonstrating that the chosen sample size gives accurate results concerning the remaining, unexamined records. The ICGLR Audit Committee provides guidance on how to select an acceptable sample size to be utilized by all third-party auditors (see Annex I in the ICGLR Audit Methodology).
- e. Inspect a number of suppliers and mine sites:
 - The sample size must permit reasonable conclusions about the effectiveness of the exporters' management system as it pertains to the totality of their suppliers and mine sites. Where the percentage of suppliers and mine sites selected for inspection is less than 100%, the auditor shall justify the chosen sample size (the percentage of suppliers and mine sites examined) in writing, demonstrating that the chosen sample size gives reasonable assurance concerning the remaining, unexamined suppliers and mine sites. The ICGLR Audit Committee provides guidance on how to select an acceptable sample size to be utilized by all third-party auditors (see Annex I in the Audit Methodology).

⁷ The audit report shall include a list of interview subjects, the date and place of the interview, and the main findings of the interview. (Names can be kept confidential to protect the physical safety of the interview subject.) Where names are recorded by Auditor in work sheets, these shall be retained by the auditor and kept confidential to protect the physical safety of the interview subject.

⁸ Auditors shall strive to protect the physical safety and well-being of interview subjects. Where advisable, either for the physical safety of interview subjects or in the interests of full disclosure, interviews should be conducted in a safe location, away from the interview subjects place of employment.

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- f. Examine the operations of the exporter's traders/suppliers and miners in their normal place of business.
 - Third-party auditors may work with the Member States to receive all the necessary approvals and assistance to visit mine sites and entities associated with the exporter's supply chain.
- g. Examine transportation routes:
 - Consider, in particular, illegal taxation by armed groups on transportation routes and Designated Minerals being transported from mine site to exporter. The examination of transportation routes should include, among other things:
 - i. Physical inspection of the routes, with regard for barriers where illegal tariffs are exacted.
 - ii. Interviews with porters and traders involved in the transport of material.
 - iii. Interviews with managers and pilots of airplanes involved in the transportation of minerals.
 - iv. Examination of the financial and other records of airlines involved in the transport of minerals.
 - v. Interviews with managers and drivers of trucks or trucking firms involved in the transport of minerals.
 - vi. Examination of the financial and other records of trucking firms involved in the transport of minerals.

When verifying transportation routes, third-party auditors may wish to use GPS devices, handheld spectrometers, or other technologies.

- Details of the transport route examination, including investigations, undertaken and results shall form part of the ICGLR TPA.
- Examine the capacity of operation and records of the exporter and its upstream suppliers:
 - i. Analyse whether the production or volume of minerals produced, traded, or exported is consistent with the supporting documentation, with the physical capacity of the mine site (taking seasonal variations into account), trader, supplier, or exporter, and with the information obtained from site inspections and interviews.
 - ii. The capacity review analysis shall form part of the ICLGR TPA.
- Submit draft and final ICGLR TPA reports consistent with the Procedures, methodology, and templates developed by the ICGLR Audit Committee.
 - i. Audit evidence should include checklists, photographs, field notes, etc.
 - ii. The list of field visits undertaken (where, when) shall form part of the ICGLR TPA.

4.4. MEMBER STATE

- a. Provide information as requested by the third-party auditor as it pertains to their Mine Site Inspection and Certification, CoC System(s), and Export Certificate programs.
- b. Where an exporter has been declared Not Valid (Red Status), it will maintain its status as Not Valid (Red Status) for a minimum period of 3 months (measured from the date of the Status being validated by the ICGLR Secretariat). During this timeframe and until the exporter

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receives a Valid (Green Status) from a Follow-Up ICGLR TPA, the exporter is not allowed to purchase and/or produce minerals.

- The Member State shall, therefore:
 - i. Cease to issue ICGLR Certificates to the exporter.
 - ii. Verify that no stockpiling of Designated Material takes place throughout the period.
- Following the grace period, the exporter may engage a third-party auditor to conduct a Follow-Up ICGLR TPA.
 - i. Only where the Follow-Up ICGLR TPA finds the exporter to be Valid (Green Status) shall the Member State recommence the issuance of ICGLR Certificates to the exporter in line with RCM Requirements.
- Where an exporter has been declared Provisionally Valid (Yellow Status), it grants the exporter a grace period of 6 months (measured from the date of the status being validated by the ICGLR Secretariat), within which time the exporter can purchase and/or produce minerals for certified export.
 - i. During this grace period, the exporter shall request, at their own expense, a Follow-Up ICGLR TPA. The Follow-Up ICGLR TPA shall be:
 - Conducted within 6 months of the receipt of the request.
 - Undertaken in line with the Procedures detailed in the RCM manual.
 - i. Where the Follow-Up ICGLR TPA identifies conformance with all RCM Requirements, the Member State shall declare the exporter Valid (Green) Status.
 - ii. Where the Follow-Up ICGLR TPA identifies continued non-conformance with RCM Requirements, the Member State shall declare the exporter Not Valid (Red) Status.
 - iii. Where no Follow-Up ICGLR TPA has been requested and the 6-month grace period has elapsed, the ICGLR Secretariat shall automatically declare the exporter Not Valid (Red Status).
- Where an exporter has been declared Valid (Green Status) the Member State will continue to issue ICGLR Certificates in accordance with the RCM Requirements.
- Where an ICGLR TPA has not been carried out within the first 12 months of the effective date of the RCM Manual Second Edition (2019) and the exporter is therefore Not Audited (Blue Status) the Member State continues to issue ICGLR Certificates in accordance with the RCM Requirements during this time.
- Provide all information from the domestic CoC Programme and Licensed System(s) as may be requested and required by a third-party auditor.
- Facilitate the access of third-party auditors to all audit locations, including mine sites, trading centres, and exporter sites.
 - i. This includes the timely provision of visas, ordres de mission, sauf-conduits, and other assistance as requested by the third-party auditor.

4.5. EXPORTERS

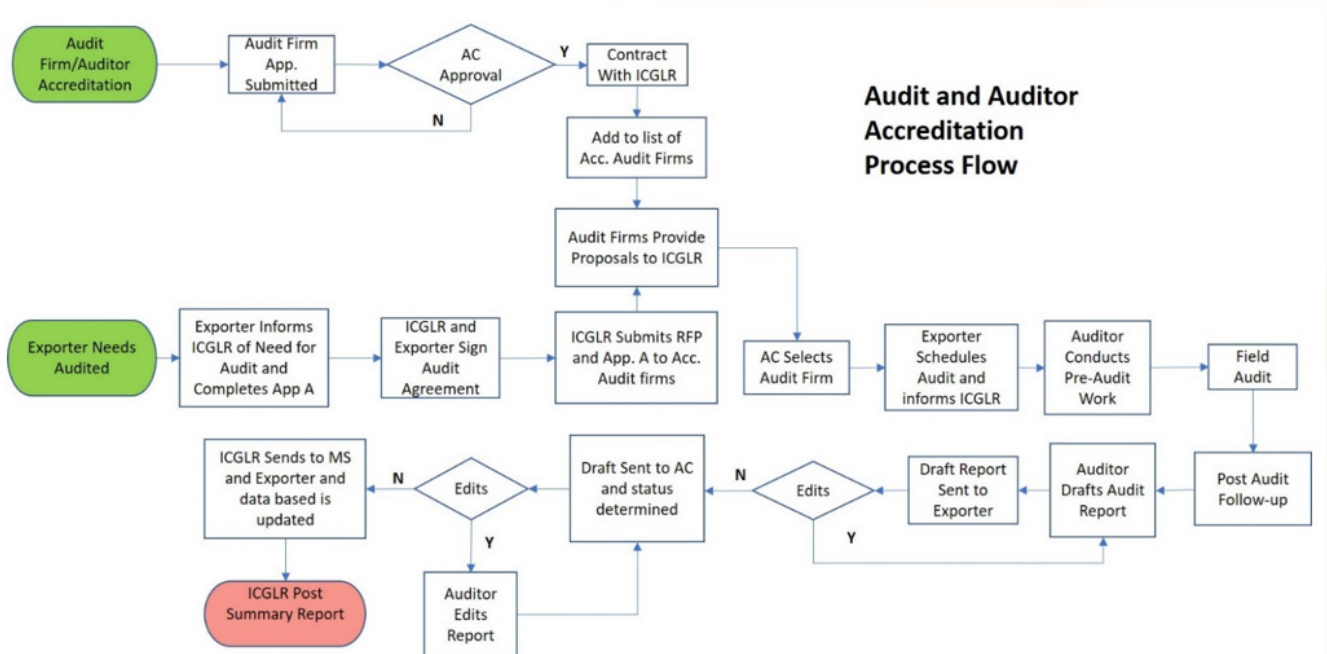
- a. Be solely responsible for conformance of its risk management systems and operations with the RCM Requirements.
- b. Initiate the ICGLR TPA process by informing the ICGLR Secretariat that an audit needs to be conducted.
 - iii. The exporter is solely responsible to:
 - Assure it initiates the process prior to its status expiring.
 - Pay for ICGLR TPAs.
- c. Have a signed contract in place with ICGLR Secretariat prior to the conduct of an ICGLR TPA on its operations.
- d. Extend full cooperation to the third-party auditor during the conduct of the ICGLR TPA.
 - Provide information from the CoC System as may be requested and required by the third-party auditor. This includes data that may be maintained by a third-party assurance system.
 - Provide other information as requested by the third-party auditor that may be managed by a third-party assurance system.
 - Failure to provide the requested information will lead the exporter to be identified as Not Valid (Red Status).
- e. Provide, upon request by the third-party auditor, information and documentary evidence regarding CoC, risk management systems, and beneficial ownership.
- f. Have the right to review and comment on the Draft ICGLR TPA report and obtain a copy of the associated report, prior to the entry into force of the determined Status.
- g. Where the exporter has been declared Not Valid (Red Status), immediately:
 - i. Operate in conformance with the outcome Requirements of the RCM by ceasing the production, purchase, and export of Designated Minerals.
 - ii. Undertake to put in place measures to resolve the non-conformance with RCM Requirements.
 - iii. Request a Follow-Up ICGLR TPA from an accredited third-party auditor not before 3 months from the entry into force of the Not Valid (Red) Status.
- h. Where an exporter has been declared Provisionally Valid (Yellow) Status:
 - i. Undertake to put in place measures to resolve the non-conformance with RCM Requirements or demonstrate significant measurable improvement in this regard within 6 months.
 - ii. Request a Follow-Up ICGLR TPA from an accredited third-party auditor within 6 months from the entry into force of the Provisionally Valid (Yellow) Status.
 - iii. Failure to request a Follow-Up ICGLR TPA within this period will result in the Exporter Status automatically becoming Not Valid (Red).

5. PROCEDURE

5.1 OVERVIEW

The following procedure will outline the steps that will need to be performed to initiate, conduct, and report on the ICGLR Third-Party Audit. The flow chart in Figure 1 outlines the process tasks and associated person(s) responsible for performing the task.

Figure 1 Process Flow



AC: Audit Committee

RFP: Request for Proposal

MS: Member State

5.2 SCHEDULING

The exporter must initiate the TPA process by sending a written request (Annex 1) to the ICGLR Technical Unit for an ICGLR Exporter Audit.

5.3 AUDITING

The third-party auditor must conduct the audit in accordance with section 4.4 of this Procedure.

5.4 REPORT WRITING

Upon completion of field and follow-up activities, the third-party auditor will use the TPA Reporting Template to develop a draft report. The completed draft report will be shared with the Auditee for review and feedback. Once the feedback is received, the Auditor will modify the report as necessary and submit it to the Audit Committee for review. After Audit Committee feedback is received, the Auditor will finalize the report and summary report.

5.5 REPORT QUALITY ASSURANCE/ QUALITY CONTROL QA/QC

The Auditor will share a draft report with the Auditee to ensure that the information is factually correct. The Audit Committee will review draft reports and provide feedback to the Auditor to address any gaps that may exist.

5.6 COMMUNICATION OF REPORT

The Secretariat will share the final report with the exporter and the associated Member State.

5.7 PUBLIC AVAILABILITY OF REPORT

Following approval by the Audit Committee, the Secretariat will Publish Summary Audit Reports on the ICGLR website and transfer them to the RMD Unit for upload to the RMD.

6 APPEALS

Any of the exporters or Supply Chain Actors may appeal any of the findings in accordance with the Appeals Procedure in Appendix G of the RCM Manual.

Revision Process and History

This procedure and/or tools should be reviewed periodically and updated as appropriate. Any ICGLR Mineral Supply Chain Actor member can propose modifications to the procedure or tools by sending a written notice of the proposed changes to the ICGLR Secretariat. ICGLR Secretariat will coordinate the revision process with the Audit Committee Chair.

REFERENCE DOCUMENTS

Document Description

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

ILO Convention No. 182 Worst Forms of Child Labour Convention, 1999

OECD Responsible Supply Chains in Artisanal and Small-Scale Gold Mining

ICGLR Regional Certification Manual

Practical actions for companies to identify and address the worst forms of child labour in mineral supply chains

Audit Report Template

Sampling Guidance

Audit Methodology and Check List

RFP Template

RFP Appendix (pre-audit information)

Template for Auditor Proposals

Pre-Audit Checklist

Risk Assessment Checklist

Exporter Checklist

ANNEX B: ICGLR REGIONAL CERTIFICATION MECHANISM THIRD-PARTY AUDIT SCHEDULE AND MILESTONES

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

TABLE B.1: ICGLR THIRD-PARTY AUDIT SCHEDULE AND MILESTONES

| Item | Activity | Responsible Party | Time frame |
|------|--|---------------------------|---|
| | Exporter requests audit and submits pre-audit information. | Exporter | Within 1 year of start-up or within 6 months of expiration of current green status or within the grace period for yellow status |
| | Publication for Request for Proposal to audit firms | ICGLR Technical Unit (TU) | 1 Week after receiving request for audit |
| | Submit Proposal to ICGLR | Audit Firms | 2 weeks from release of RFP |
| | Technical team to send out proposals to AC members with a recommendation | ICGLR TU | 1 week from receipt of proposals |
| | Audit members to confirm recommendation or propose alternative solution. | Audit Committee (AC) | 1 week from receipt of recommendation from Technical Team |
| | Notify selected audit firm | ICGLR TU | 2 days from receipt of input from AC |
| | Finalize contract process with audit firm and exporter | ICGLR TU | 1 Week after selection of audit firm |
| | Audit is scheduled with exporter | Audit Firm | 1 Week after contracts are signed |
| | Audit is conducted | Audit Firm/Exporter | TBD based on scope of audit - Approximately 2 weeks |
| | First draft of audit report is sent to exporter for review | Audit Firm | 2 weeks after completion of the audit |
| | Exporter provides comments back to audit firm | Exporter | 1 Week after receipt of draft report |
| | Audit firm develops second draft for Audit Committee review. | Auditor | 1 Week after receipt of comments from exporter |

ICGLR Third-Party Audit Methodology and Tools

| | | |
|---|----------|--|
| Audit report sent to Audit Committee | ICGLR TU | 3 days after receipt of second draft from audit firm |
| Audit Committee reviews and sends to ICGLR TU Audit Report review sheet and indicates if they support the audit conclusion. | AC | 1 week after receipt of second draft of audit report |
| ICGLR TU compiles feedback from AC members and sends feedback to Auditor | ICGLR TU | 1 Week after receipt of AC feedback |
| Auditor finalizes audit report and submits to ICGLR TU | Auditor | 1 Week after receiving feedback from ICGLR TU |
| ICGLR TU sends out final audit report to Member State and exporter | ICGLR TU | 3 days after receipt of final report from auditor |
| ICGLR TU publishes Executive Summary on the ICGLR web site | ICGLR TU | 2 Weeks after receipt of final report. |

ANNEX C: EVALUATION GRID FOR ACCREDITATION OF AUDIT FIRMS AND AUDITORS

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

TABLE C.1: EVALUATION GRID FOR ACCREDITATION OF AUDIT FIRMS

| Audit Firm: | | | | | | Notes |
|---------------------|---|---|------------|-------------|----------|-------|
| Independence | | | | | | |
| Priority 1 | 1 | Firm committed to independence and neutrality Firm committed to independence and neutrality | Green 3 | Yellow 2 | Red 1 | |
| | 2 | Firm with a Conflict of Interest Policy | Green 3 | Yellow 2 | Red 1 | |
| | 3 | Firm with staff and teams that have relevant training and/or certifications | Green 3 | Yellow 2 | Red 1 | |
| | 4 | Staff team with knowledge of the ICGLR standard | Green 3 | Yellow 2 | Red 1 | |
| | 5 | Firm with knowledge of the ICGLR region, recent conflicts in the region, and the role played by minerals in these conflicts | Green 3 | Yellow 2 | Red 1 | |
| | 6 | Firm with knowledge of the OECD Due Diligence Guide for Responsible Supply Chains of Minerals from Conflict and High-Risk Areas | Green 3 | Yellow 2 | Red 1 | |

ICGLR Third-Party Audit Methodology and Tools

| Audit Firm: | | | | | | |
|--|----|---|------------|-------------|----------|-------|
| Independence | | | | | | Notes |
| | 7 | Team of staff with experience and in-depth knowledge of the chain of custody audit systems for commodities | Green 3 | Yellow 2 | Red 1 | |
| | 8 | Team member with knowledge of local social and political conditions, with insight into how these conditions may affect conflict financing (including relative mineral financing) in the region | Green 3 | Yellow 2 | Red 1 | |
| Priority 2 | 9 | Team member with contextual experience (either from the region, or worked in the region) | Green 3 | Yellow 2 | Red 1 | |
| | 10 | Staff team members with knowledge of conflict financing in the African context | Green 3 | Yellow 2 | Red 1 | |
| | 11 | Team or staff with proven experience auditing financial documents and tracking money | Green 3 | Yellow 2 | Red 1 | |
| | 12 | Staff team members with knowledge of geology and the mining industry, particularly artisanal mining and mineral transportation | Green 3 | Yellow 2 | Red 1 | |
| Priority 3 | 13 | Staff members with knowledge of local social and cultural conditions to be used in the conduct of the audit, such as culturally appropriate interview methods | Green 3 | Yellow 2 | Red 1 | |
| | 14 | Staff members with the appropriate language skills for each country or region to be audited | Green 3 | Yellow 2 | Red 1 | |
| Third party auditors must demonstrate the ability to perform each of the following processes to assess compliance with ICGLR certification requirements | | | | | | |
| Priority 1 | 15 | Team of personnel capable of interviewing management at exporters, traders, processors and mine sites | Green 3 | Yellow 2 | Red 1 | |
| Priority 2 | 16 | Staff team capable of collecting information from knowledgeable local sources | Green 3 | Yellow 2 | Red 1 | |
| | 17 | Team of personnel capable of interviewing workers at exporters, traders, processors and mine sites | Green 3 | Yellow 2 | Red 1 | |
| | 18 | Team of personnel capable of traveling along ore haulage routes to remote trading centres and remote mine sites. Visual inspection of these areas. Conduct interviews and document analysis at these remote sites | Green 3 | Yellow 2 | Red 1 | |
| | 19 | Staff team capable of reviewing and analysing chain of custody, financial and other records | Green 3 | Yellow 2 | Red 1 | |
| | 20 | Staff team able to maintain confidentiality of information and trust of interviewees. See separate note on source protection | Green 3 | Yellow 2 | Red 1 | |

ICGLR Third-Party Audit Methodology and Tools

| | | | | | | |
|-------------------------------|----|--|------------|-------------|----------|--------------|
| Audit Firm: | | | | | | |
| Independence | | | | | | Notes |
| Analysis and Reporting | | | | | | |
| | 21 | Staff team with professional competence in reporting instances or situations of non-compliance to the exporter and ICGLR, including methods of substantiating findings | Green 3 | Yellow 2 | Red 1 | |
| Priority 2 | 22 | Staff team with the ability to communicate results in a timely manner | Green 3 | Yellow 2 | Red 1 | |
| Priority 3 | 23 | Staff team with the ability and willingness to maintain accountability for information collected from the monitoring process | Green 3 | Yellow 2 | Red 1 | |

TABLE C.2: EVALUATION GRID FOR ACCREDITATION OF AUDITOR

| | | | | | | |
|---------------------|---|---|------------|-------------|------------|--------------|
| Auditor: | | | | | | |
| | | | | | | |
| Audit Firm: | | | | | | |
| Independence | | | | | | Notes |
| Priority 1 | 1 | Commitment to independence and neutrality | Green 3 | Yellow 2 | Rouge 1 | |
| | 2 | Never involved in conflict of interest violations | Green 3 | Yellow 2 | Rouge 1 | |
| | 3 | Knowledge of the ICGLR standard | Green 3 | Yellow 2 | Rouge 1 | |
| | 4 | Knowledge of the ICGLR region, recent conflicts in the region, and the role played by minerals in these conflicts | Green 3 | Yellow 2 | Rouge 1 | |
| | 5 | Knowledge of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict and High Risk Areas | Green 3 | Yellow 2 | Rouge 1 | |
| | 6 | Experience and in-depth knowledge of the commodity custody tracking system audit chain | Green 3 | Yellow 2 | Rouge 1 | |
| | 7 | Knowledge of local social and political conditions, with insight into how these conditions may affect conflict financing (including relative mineral financing) in the region | Green 3 | Yellow 2 | Rouge 1 | |
| Priority 2 | 8 | Has contextual experience (either from the region, or has previously worked in the region) | Green 3 | Yellow 2 | Rouge 1 | |

ICGLR Third-Party Audit Methodology and Tools

| | | | | | | |
|--|----|---|------------|-------------|------------|--|
| | 9 | Knowledge of the issue of conflict financing in the African context | Green 3 | Yellow 2 | Rouge 1 | |
| | 10 | Knowledge of geology and the mining industry, particularly artisanal mining and mineral transportation | Green 3 | Yellow 2 | Rouge 1 | |
| Priority 3 | 11 | Knowledge of local social and cultural conditions to be used in conducting the audit, such as culturally appropriate interview methods | Green 3 | Yellow 2 | Rouge 1 | |
| | 12 | The language skills appropriate to each country or region to be verified | Green 3 | Yellow 2 | Rouge 1 | |
| Third party auditors must demonstrate the ability to perform each of the following processes to assess compliance with ICGLR certification requirements | | | | | | |
| Priority 1 | 13 | Ability to interview on management at exporters, traders, processors and mine sites | Green 3 | Yellow 2 | Rouge 1 | |
| Priority 2 | 14 | Ability to gather information from knowledgeable local sources | Green 3 | Yellow 2 | Rouge 1 | |
| | 15 | Ability to interview workers at exporters, traders, processors and mine sites | Green 3 | Yellow 2 | Rouge 1 | |
| | 16 | Available and capable of traveling along ore transportation routes to remote trading centres and mining sites. Visual inspection of these areas. Conduct interviews and document analysis at these remote sites | Green 3 | Yellow 2 | Rouge 1 | |
| | 17 | Able to review and analyse chain of custody, financial and other documents | Green 3 | Yellow 2 | Rouge 1 | |
| | 18 | Ability to maintain confidentiality of information and trust of interviewees. See separate note on source protection; | Green 3 | Yellow 2 | Red 1 | |
| Analysis and Reporting | | | | | | |
| Priority 1 | 19 | Ability to synthesize, cross-reference, verify and, where appropriate, quantify information gathered in the process of verifying all relevant sources | Green 3 | Yellow 2 | Red 1 | |
| | 20 | Having professional competence in reporting instances or situations of non-compliance to the exporter and the ICGLR, including methods of justifying conclusions | Green 3 | Yellow 2 | Red 1 | |
| Priority 2 | 20 | Having the ability to communicate results in a timely manner | Green 3 | Yellow 2 | Red 1 | |
| Priority 3 | 21 | Having the ability and willingness to maintain accountability for the information collected from the monitoring process | Green 3 | Yellow 2 | Red 1 | |

ANNEX D: AUDIT REQUEST FOR PROPOSAL

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

AUDIT COMPANY NAME
EXPORTER TO BE AUDITED
COUNTRY
DATE REPORT FINALIZED

This document is to be used by the ICGLR Technical Unit when sending out Request for Proposal to the various audit firms. The Technical Unit is to assure that Appendix A has been accurately completed by the Exporter.

1. BACKGROUND

The International Conference on the Great Lakes Region (ICGLR) through its Regional Certification Mechanism (RCM) program seeks to promote responsible minerals trade in the Great Lakes Region with a view to eliminate support to armed groups that sustain, prolong conflict, and/or otherwise engage in serious human rights abuses.

The ICGLR Third Party Audit system is managed by a tri-partite Audit Committee, including representation from government, local and international industry, and local and international civil society. The Audit Committee sets the standards and terms of reference for Third Party Audits.

2. AUDIT OBJECTIVE

The objective of the audit is to ensure conformity of mineral exporters to the requirements of the ICGLR RCM, specifically Appendix E1 of the RCM: Audit Criteria for exporters.

3. AUDIT SCOPE

Examine and investigate the records and operations of the Exporting entity including other entities and actors upstream in the mineral chain including industrial and artisanal mines, traders, and producers that have supplied Designated Minerals to the exporting entity during the period covered by this audit.

Review pre-audit information for an overview of the exporters operations and sources of Designated Minerals.

4. REQUEST FOR PROPOSAL

The ICGLR Audit Committee is requesting proposals from accredited auditors to conduct third party audits at [ADD EXPORTER NAME].

A complete response to this RFP will include the following elements:

TABLE D.1: RFP COMPONENTS

| RFP Components | |
|-----------------------------|---|
| Audit Activities | Description of tasks for pre-audit planning, on-site audit, reporting, and other activities conducted as part of this audit. |
| Audit Team | List all members of the proposed audit team and describe their roles, as well as language capabilities. Note: All auditors must be accredited by the audit committee prior to being included in a proposal and conducting an audit. |
| Proposed Audit Dates | Dates of desk review and filed activities. |
| Sampling Approach | Should be consistent with the Audit Methodology Annex H - References on Sample Size |
| Estimated Timeline | Desk review Field Work Draft report Incorporation of comments Final report submittal Should be consistent with the Audit Methodology Annex B – Audit Process Timeline Schedule |

TABLE D.2: COST BREAKDOWN

Cost Breakdown (indicate currency)

Travel

Audit Labour and Man-days

Reporting

Quality Review

Management and/or legal fees

Translation costs – a minimum of one additional language

5. EXPLANATION OF INDEPENDENCE AND RELATED SAFEGUARDS

Provide information about the Firm's and individual audit team member's independence with regard to ICGLR and the entities to be included within the audit (mines, transporters, comptoirs, négociants and exporters).

Where the audit firm has had a business relationship in the past 24 months with ICGLR or the entities to be included within the audit, provide a detailed description of the nature of the business relationship, work conducted, and whether the audit team includes any personnel involved in that previous work or relationship.

List any other relationships (such as family relationships or investments) with the ICGLR and the entities to be included within the audit. Where previous or current relationships exist, provide a detailed discussion of the safeguards in place by the audit firm to maintain its position as an independent entity. If the audit firm is selected to conduct the audits, the audit firm and each audit team member will be required to certify its independence.

6. DESCRIPTION OF OTHER MATTERS

Provide a description of other matters, considerations, or qualifications the audit firm believes are relevant to the audit and wishes to communicate to the ICGLR.

7. RED STATUS REPORTING

The auditor will report immediately all critical and urgent findings, facts, omissions, fraud, or security concerns encountered in the field to the ICGLR Secretariat and Audit Committee.

8. BASIS OF EVALUATION

ICGLR will evaluate proposals on the following criteria:

- Content, completeness, and timeliness
- Availability and proposed timeline
- Cost
- Technical understanding of the work to be performed
- Amount of ICGLR/Member State effort or resources required by the audit firm in relation to the engagement
- Independence and safeguards to prevent auditor impairment including any actual or perceived conflict of interests

9. CONTRACTING

Each Audit firm will have a master agreement in place with the ICGLR. The auditor will negotiate and sign a statement of work with ICGLR Secretariat. Upon receipt of the final audit report by the ICGLR, the Audit Committee will inform ICGLR to release payment.

10. SUBMITTAL AND DEADLINE

- Completed proposals must conform to Audit Methodology Annex E – Audit Proposal Template
- Proposals shall be submitted via e-mail at the address provided below.
- Proposals received after the time specified for receipts of offer shall not be evaluated.
- Respondents shall receive an email acknowledging receipt of their proposal.

11. PROPOSAL SUBMISSION

Must be submitted to ICGLR Audit Committee by [ADD DATE]

CONTACTS

At the time of request of a Third-Party Audit, the exporter has to send to the ICGLR Secretariat and the Audit Committee detailed information on the following items, including details regarding their respective operations during the previous 12 months. This will facilitate audit planning, contract negotiation and logistical.

These include:

- Name and location of auditee and related businesses
- List of all other actors that actively contribute to the exporter's supply chain

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- Accessibility of the auditee from the main international airport or closest city – distance, means of access
- Size of auditee – number of employees, physical size, and type of operation (export, processing and/or extraction of minerals)
- Number, type and location/address of direct suppliers (mines, traders, processors)
- Number of transactions/purchases and volume of material purchased
- Participation in any existing due diligence initiative and related reports, including previous independent third-party audits, OECD Step 5 Due Diligence Report

All proposals must be addressed to auditcommittee@icglr.org with copy to the ICGLR Audit Committee Chair and the ICGLR Audit Committee Coordinator.

ANNEX E: PROPOSAL TEMPLATE

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

EXPORTER NAME
PROPOSAL DATE
AUDIT FIRM

*Proposal should not exceed 15 pages

Please use this template when preparing your Third-Party Audit proposal for submittal to the ICGLR. It is important to follow the outline provided and include the necessary information that is outlined in the guidance text provided. Please remove the guidance text from the submitted proposal.

1. INTRODUCTION

A. OBJECTIVE

State the objective of the audit, i.e., to ensure conformity of mineral exporters to the requirements of the ICGLR Mineral Tracking Scheme and Certification Standard, specifically Appendix E of the Certification Manual: Standards and Procedures for Third Party Audits.

B. SCOPE OF THE AUDIT

Indicate the scope of the audit based on the information provided in Appendix (pre-audit information) of the RFP. Including time period audited, location of operations to be audited including trading houses, mine suites, transport routes, business offices.

2. APPROACH AND METHODOLOGY

A) OVERALL APPROACH

- General Principles
- Independence & neutrality
- Transparency
- Triangulation & Evidence based
- Protection & Non-attribution

B) SAMPLING APPROACH

- Interviews
- Records
- Suppliers / mine site visits

3. AUDIT ACTIVITIES

A) STEPS OF THE AUDIT

Description of tasks for pre-audit planning, on-site audit, reporting, and other activities conducted as part of this audit.

- Pre-audit: Activities and Deliverables
- Field work Brief: Outline of activities and deliverables.
- Reporting phase: Outline of report and Process for drafting and distributing draft and final reports.

B) SCHEDULE OF THE FIELD MISSION

C) LIST OF DOCUMENTS TO BE COLLECTED

D) LIST OF INTERVIEW TARGETS

4. AUDIT TEAM

List all members of the proposed audit team and describe their roles. List language capabilities. Note: there is no need to include CVs and resumes for the auditing team if they have previously been reviewed by the ICGLR Secretariat.

5. PROPOSED TIMEFRAME

Proposed dates and availability

6. BUDGET

TABLE E.1: COST BREAKDOWN (IN USD)

| |
|--|
| Cost Breakdown (in USD) |
| Travel |
| Audit Labour and Man-days |
| Reporting |
| Quality Review |
| Management and/or legal fees |
| Translation costs – a minimum of one additional language |

7. DESCRIPTION OF OTHER MATTERS

Provide a description of other matters, considerations, or qualifications the audit firm believes are relevant to the audit and wishes to communicate to the ICGLR.

8. EXPLANATION OF INDEPENDENCE AND RELATED SAFEGUARDS

Provide information about the Firm's and individual audit team member's independence with regard to ICGLR and the entities to be included within the audit (mines, transporters, comptoirs, négociants and exporters). Where the audit firm has had a business relationship in the past 24 months with ICGLR or the entities to be included within the audit, provide a detailed description of the nature of the business relationship, work conducted, and whether the audit team includes any personnel involved in that previous work or relationship. List any other relationships (such as family relationships or investments) with the ICGLR and the entities to be included within the audit. Where previous or current relationships exist, provide a detailed discussion of the safeguards in place by the audit firm to maintain its position as an independent entity. If the audit firm is selected to conduct the audits, the audit firm and each audit team member will be required to certify its independence.

ANNEX F: CONFLICT OF INTEREST POLICY FOR THE THIRD-PARTY AUDIT PROCESS

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

1. INTRODUCTION

Policy to prevent any actual or perceived conflicts of interest from compromising the third-party audit process. It is essential that good communication and disclosure of potential conflicts of interest be practiced by all parties.

2. CONFLICT OF INTEREST DEFINED

A CONFLICT OF INTEREST SHALL INCLUDE:

- a. Any material financial interest in the auditee
- b. Any employee of the audit firm serving in any capacity at the auditee such as: director, officer, employee, agent, partner, associate, trustee, consultant, or similar role
- c. Any acceptance of gifts, gratuities, or entertainment
- d. Any business arrangement which would result in the audit firm checking its own work

The Auditor must disclose any of the above circumstances as soon as they are recognized or known. The Auditor shall not accept any Audits where there may be a possibility of a conflict of interest, which might prevent the Auditor from properly performing its duties within the standards.

3. ACTIONS

Audit Committee reserves the right to evaluate and take action on any information that comes into its possession suggesting that the “state of mind” of the auditor may not have been sufficiently independent to conduct the audit.

4. AUDIT FIRM CONSULTING SERVICES

In recognition of the possibility that approved audit firms may seek to provide consulting services to potential auditees, the program will institute the following practices:

- a. The Auditor shall report to Audit Committee the names of any exporter or mine site where they perform advisory services, in advance of such activities being performed, in addition to noting the month and year of the service.
- b. If an ICGLR Audit is performed, the Auditor shall not use the privileged and confidential information it has obtained, including key contact information, to sell other services to the auditee.
- c. If certification or consultancy is performed for the Auditee, then the Auditor is excluded from performing an Audit for the next audit period.
- d. For large organizations, it is possible for two separate and independent entities within the organization to perform such services. In this case a letter from the country manager or corporate legal counsel is required to ensure that there is no conflict of interest between the ICGLR Audit and other services performed. The letter shall specifically state the persons involved in previous services and the persons assigned in the ICGLR Audit and the clear proof that these belong to separate and independent entities within the organization.

ANNEX G: EXPORTER AUDIT CHECKLIST

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

1. INTRODUCTION

| Official Exporter Audit Checklists |
|--|
| <p>This workbook is the Official Checklist that is used for the International Conference on the Great Lakes Region (ICGLR) Exporter audits to evaluate upstream supply chain actors (Exporters and Mine Sites) in ICGLR Member States.</p> |
| <p>There are three parts to the Checklist:</p> |
| <p>Tab 1 - Exporter Checklist: This is the checklist used to officially audit exporter facilities. The Red and Yellow Status Criteria have been established in the ICGLR Regional Certification Mechanism Manual Second Edition (RCM). Additional steps and criteria were established in the Organisation for Economic Co-Operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas - 3rd Edition (OECD Due Diligence Guidance).</p> |
| <p>Tab 2 - Artisanal Mine Checklist: This is the checklist to officially assess Artisanal Mine Sites Red and Yellow Status criteria established in the RCM manual and consistent with the OECD Due Diligence Guidance.</p> |
| <p>Tab 3 - Industrial Mine Checklist: This is the checklist to officially assess Industrial Mine Sites Red and Yellow Status using criteria established in the RCM and consistent with the OECD Due Diligence Guidance.</p> |
| Key Definitions: |
| <p>Artisanal / Artisanal and Small-scale Mining (ASM): Artisanal and Small-scale Mining (ASM) – formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation. ASM is normally labour intensive and uses traditional tools such as pickaxes, shovel, and chisel. There is minimal, low capital mechanisation. 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.</p> |

ICGLR Third-Party Audit Methodology and Tools

| | |
|--|--|
| Industrial - Mineral extraction undertaken by a corporation, cooperative or other corporate entity on a formally recognized mineral claim or title, generally using capital intensive technology and advanced machinery and equipment. | |
| Exporter - Any company, cooperative, individual or other entity that is licensed to export Designated Minerals from a Member State. | |
| Upstream - The mineral supply chain from the mine to smelters/refiners. | |
| Further definitions of terms used are provided in the following Manuals: | |
| ICGLR RCM Manual - 2nd Edition: http://www.icglr-rinr.org/index.php/en/resources/documents | |
| OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas - 3rd Edition: https://mneguidelines.oecd.org/mining.htm | |
| Completing the Checklists | |
| <p>Exporter Status / Rating: For each criterion, there is a drop-down menu from which the evaluator selects one rating for the extent to which the criterion is addressed in policies and standards and for the extent to which that criterion is implemented. The different ratings are defined as follows:</p> | <p>Green (Valid): An exporter, Artisanal Mine, or Industrial Mine that has no non-conformances were identified.</p> |
| | <p>Yellow (Provisionally Valid): An exporter that has one or more of the Provisionally Validated (Yellow) Criteria as detailed in the RCM - Appendix E1 were identified. A Follow-Up Audit can result in the re-classification of an Exporter as Provisionally Valid (Yellow) only if Significant Measurable Improvement of all Yellow Status Criteria is observed.</p> |
| | <p>Red (Not Valid): An exporter that; 1. Has one or more major non-conformances were identified, and/or, 2. Has not requested a Follow-Up Audit within 6-months of receiving a Provisionally Valid (Yellow) Status, and /or, 3. Has had a Follow-Up Audit but has not been adjudged to have resolved the Not Valid (Red) Status Criteria and Provisionally Valid (Yellow) Status Criteria has not been resolved or shown significant measurable improvement, and/or, 4) has not requested an ICGLR TPA prior to the end of the first year of operation.</p> |
| | <p>N/A: Not applicable.</p> |
| <p>Mine Site Status/Rating:</p> | <p>Green (Valid): A mine site that has been inspected according to the ICGLR RCM Requirements and meets all Criteria as detailed in Manual of the RCM of the ICGLR - 2nd Edition - Appendix A2.</p> |

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| | <p>Yellow (Provisionally Valid): A mine site that has been inspected according to the ICGLR RCM Requirements and is non-conformant with one or more of the Provisionally Valid (Yellow) Criteria as detailed in Manual of the RCM of the ICGLR - 2nd Edition - Appendix A2.</p> <p>Red (Not Valid): A mine site that; 1. Has been inspected according to the ICGLR RCM Requirements and violates one or more of the Red Status Criteria as detailed in Manual of the RCM of the ICGLR - 2nd Edition - Appendix A2: or, 2. Has been Provisionally Valid (Yellow) and has not requested a Follow-Up Inspection within 6 months, or, 3. Has had a Follow-Up Inspection that identified non-conformance with one or more Red Status Criteria and Yellow Status Criteria has not been resolved or shown significant measurable improvement.</p> <p>N/A: Not applicable.</p> |
| <p>Data Sources:</p> | <p>Documentation: Consists of any written or electronically generated information/record. This includes and documentation intended to provide verified and verifiable data to the ICGLR, an ICGLR Member State, and documents that form part of the Exporters' Management System.</p> <p>Direct Observation: Observed during investigatory visit.</p> <p>Risk Assessment: Potentially including Red or Yellow Status criteria for organizations' ability to operate. Negative impacts include issues that could lead to Red and Yellow status conditions for the organization.</p> <p>Photographic Evidence: Photographs of the violation/non-compliance are documented as seen during investigatory site visit.</p> <p>Other (explain): Identified during investigatory visit, but does not match other data source criterion.</p> <p>N/A: Not applicable.</p> |
| <p>Observation/Findings:</p> | <p>Observations made in the field during investigatory site visit. Each finding should be supported by at least two types of evidence or, where only one type of evidence is available, two independent sources. Additionally, the auditor should clearly describe the What, Where, When, Who, and Why to reasonably support the finding.</p> |
| <p>Recommendations</p> | <p>Recommendations are the key basis for a Corrective Action Plan (CAP).</p> |

2. ARTISANAL MINE

TABLE G.1: ARTISANAL MINE SITE CHECK LIST

Artisanal Mine Site Check List

| ID | Status Criteria ^{1&2} | Reference ¹ | Mineral | Status/ Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|------------|--|---|---------|--------------------------------|------------------------------|--------------------------|------------------------------|
| 1 | Artisanal Red status Criteria | | | | | | |
| 1.1 | Red Status Criteria - Conflict | | | | | | |
| 1.1.1 | Non-state armed groups or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded and any upstream actor in the supply chain. | RCM Manual - 2nd Edition, Appendix A2 -Table 3, p.53 | | 3TG | | | |
| 1.1.2 | Non-state armed groups or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded. | RCM Manual - 2nd Edition, Appendix A2 -Table 3, p.53 | | 3TG | | | |
| 1.1.3 | Non-state armed groups or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, export companies, or any other upstream actors in the chain of custody (CoC). | RCM Manual - 2nd Edition, Appendix A2 -Table 3, p.53 | | 3TG | | | |
| 1.2 | Red Status Criteria – Human Rights / Working Conditions | | | | | | |
| 1.2.1 | Children below the minimum working age as defined in that Member State are employed in exploitation in the mine site. Where a Member State has not defined a minimum working age, the standard of the International Labour Organization (ILO) shall be used. | RCM Manual - 2nd Edition, Appendix A2 -Table 3, p.53 | | 3TG | | | |

Artisanal Mine Site Check List

| ID | Status Criteria ^{1&2} | Reference ¹ | Mineral | Status/ Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|---|--|---|---------|--------------------------------|------------------------------|--------------------------|------------------------------|
| 1.2.2 | Forced labour is practiced on the mine site; workers are required to work for no compensation; workers are required on certain days of the week to surrender the fruits of their labour to the mine site boss. | RCM Manual - 2nd Edition, Appendix A2 -Table 3, p.53 | 3TG | | | | |
| 1.2.3 | Any forms of torture, cruel, inhuman and degrading treatment are practiced or identified at the mine site. | RCM Manual - 2nd Edition, Appendix A2 -Table 3, p.53 | 3TG | | | | |
| 1.2.4 | Other gross human rights violations and abuses such as widespread sexual violence are practiced or identified associated with the mining activities. | RCM Manual - 2nd Edition, Appendix A2 -Table 3, p.54 | 3TG | | | | |
| 1.2.5 | War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide are associated with the mine site. | RCM Manual - 2nd Edition, Appendix A2 -Table 3, p.54 | 3TG | | | | |
| 1.3 Red Status Criteria – Formality and Transparency | | | | | | | |
| 1.3.1 | Payments are made by the mine site owner or mine site operator to illegal or criminal organizations. | RCM Manual - 2nd Edition, Appendix A2 -Table 3, p.53 | 3TG | | | | |
| 1.3.2 | Payments are made by the mine site owner or operator to political parties or political organizations, in contravention of a Member State’s laws. | RCM Manual - 2nd Edition, Appendix A2 -Table 3, p.53 | 3TG | | | | |
| 1.3.3 | Designated Minerals sourced in an Un-Certified (Red Status) Mine Site are entering into the Mine Site or being mixed with Designated Minerals produced at the Mine Site | RCM Manual - 2nd Edition, Appendix A2 -Table 3, p.53 | 3TG | | | | |

2 Artisanal Yellow Status Criteria

2.1 Yellow Status Criteria – Conflict

Artisanal Mine Site Check List

| ID | Status Criteria ^{1&2} | Reference ¹ | Mineral | Status/ Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|--|--|---|---------|--------------------------------|------------------------------|--------------------------|------------------------------|
| 2.1.1 | Public or Private Security Forces or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded and any upstream actor in the supply chain. | RCM Manual - 2nd Edition, Appendix A2 -Table 4, p.55 | 3TG | | | | |
| 2.1.2 | Public or Private Security Forces or their affiliates illegally tax or extort money or mineral shares from mine site owners, Mine Site Operators, intermediaries, traders, exporters or any other upstream actors in the CoC. | RCM Manual - 2nd Edition, Appendix A2 -Table 4, p.55 | 3TG | | | | |
| 2.1.3 | Public or Private Security Forces or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded. | RCM Manual - 2nd Edition, Appendix A2 -Table 4, p.55 | 3TG | | | | |
| 2.2 Yellow Status Criteria – Formality and Transparency | | | | | | | |
| 2.2.1 | Mineral shipments exit the mine site without having been registered or recorded by a CoC system that can track the minerals to their next destination beyond the mine site. | RCM Manual - 2nd Edition, Appendix A2 -Table 4, p.55 | 3TG | | | | |
| 2.2.2 | Government officials (mines officials, secret service, municipal or provincial governments, military units etc.) extract significant taxation or other payments that are disproportionate to any service provided from the workers or production of a mine site, in a manner not authorized by the Member State’s mineral code or mineral regulations. | RCM Manual - 2nd Edition, Appendix A2 -Table 4, p.55 | 3TG | | | | |
| 2.2.3 | Material from another unknown mine site is entering into the mine site or being mixed with the material. | RCM Manual - 2nd Edition, Appendix A2 -Table 4, p.55 | 3TG | | | | |

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Artisanal Mine Site Check List

| ID | Status Criteria ^{1&2} | Reference ¹ | Mineral | Status/ Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|-------|---|---|---------|--------------------------------|------------------------------|--------------------------|------------------------------|
| 2.2.4 | Mine site owner, Mine Site Operators, intermediaries, traders, exporters or any other upstream actors in the chain of custody and operating on the mine site, offer, promise, give or demand bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export. ²⁰ | RCM Manual - 2nd Edition, Appendix A2 -Table 4, p.56 | 3TG | | | | |
| 2.2.5 | Mine site owner, Mine Site Operators, intermediaries, traders, exporters or any other upstream actors in the chain of custody and operating on the mine site, do not pay all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas (CAHRAs) to governments and fail to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI). | RCM Manual - 2nd Edition, Appendix A2 -Table 4, p.56 | 3TG | | | | |
| 2.2.6 | The mine owner or operator refuses to allow Analytical Mineral Determination (AMD) sampling to the ICGLR or Member State. | RCM Manual - 2nd Edition, Appendix A2 -Table 4, p.56 | 3TG | | | | |

NOTES

- Status criteria, as per the Appendices to the ICGLR RCM 2nd Edition
- Data Sources would include the risk assessment, documentary/records review, interviews, direct observation, photographic evidence, capacity review, other (explain), not applicable (N/A).
- Status would refer to red, yellow, or green status. The absence of a red or yellow status would indicate full compliance, so green status.
- Recommendations are a key element for the basis of the Corrective Action Plan.

TABLE G.2: REFERENCE TABLES

| Status | Data Source |
|--------|------------------------|
| Red | Risk Assessment |
| Yellow | Document/Record Review |
| Green | Direct Observation |
| N/A | Photographic Evidence |
| | Capacity Review |
| | Other (explain): |
| | N/A |

3. INDUSTRIAL MINE

TABLE G.3: SITE CHECK LIST INDUSTRIAL

Mine Site Check List Industrial

| ID | Status Criteria ^{1&2} | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|------------|--|--|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 1 | Red Status Criteria - Industrial | | | | | | |
| 1.1 | Red Status Criteria – Conflict | | | | | | |
| 1.1.1 | Non-state armed groups or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded and any upstream actor in the supply chain. | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.57 | 3TG | | | | |
| 1.1.2 | Non-state armed groups or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded. | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.57 | 3TG | | | | |
| 1.1.3 | Non-state armed groups or their affiliates illegally tax or extort money or mineral shares from mine site owners, Mine Site Operators, intermediaries, traders, exporters, or any other upstream actors in the CoC. | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.57 | 3TG | | | | |
| 1.2 | Red Status Criteria – Human Rights / Working Conditions | | | | | | |
| 1.2.1 | Children below the minimum working age as defined in that Member State are employed at the mine site or the worst forms of child labour as defined by the ILO are present at the mine site. Where a Member State has not defined a minimum working age, the standard of the International Labour Organisation (ILO) shall be used. | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.57 | 3TG | | | | |

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| ID | Status Criteria ¹ & ² | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|------------|--|--|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 1.2.2 | Forced labour is practiced on the mine site; workers are required to work for no compensation; workers are required on certain days of the week to surrender the fruits of their labour to the mine site boss. | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.57 | 3TG | | | | |
| 1.2.3 | Any forms of torture, cruel, inhuman and degrading treatment are practiced or identified at the mine site; | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.57 | 3TG | | | | |
| 1.2.4 | Other gross human rights violations and abuses such as wide spread sexual violence are practiced or identified associated the mining activities. | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.57 | 3TG | | | | |
| 1.2.5 | War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide are associated with the site. | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.58 | 3TG | | | | |
| 1.3 | Red Status Criteria – Formality and Transparency | | | | | | |
| 1.3.1 | Payments are made by the Mine Site Owner or Operator to illegal or criminal organizations. | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.57 | 3TG | | | | |

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| ID | Status Criteria ¹ & ² | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|-------|---|--|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 1.3.2 | Payments are made by the Mine Site Owner or Operator to political parties or political organizations, in contravention of a Member State's laws. | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.57 | 3TG | | | | |
| 1.3.3 | Designated Minerals sourced in a Not Valid (Red) mine site are entering into the mine site or being mixed with Designated Minerals produced at the mine site. | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.57 | 3TG | | | | |
| 1.3.4 | Mineral shipments exit the mine site without having been registered or recorded by a CoC System that can track the minerals to their next destination beyond the mine site. | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.57 | 3TG | | | | |
| 1.3.5 | The mine site is not registered with Member State mining authorities and or is not in conformity with all Member State laws and regulations regarding mineral title. | RCM Manual - 2nd Edition, Appendix A2 -Table 5, p.58 | 3TG | | | | |

2 Yellow Status Criteria - Industrial

2.1 2.1 Yellow Status Criteria – Conflict

| | | | | | | | |
|-------|---|--|-----|--|--|--|--|
| 2.1.1 | Public or Private Security Forces or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded and any upstream actor in the supply chain. | RCM Manual - 2nd Edition, Appendix A2 -Table 6, p.59 | 3TG | | | | |
|-------|---|--|-----|--|--|--|--|

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| ID | Status Criteria ¹ &2 | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|--|--|--|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.1.2 | Public or Private Security Forces or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded. | RCM Manual - 2nd Edition, Appendix A2 -Table 6, p.59 | 3TG | | | | |
| 2.1.3 | Public or Private Security Forces or their affiliates illegally tax or extort money or mineral shares from mine site owners, Mine Site Operators, intermediaries, traders, exporters or any other upstream actors in the CoC. | RCM Manual - 2nd Edition, Appendix A2 -Table 6, p.59 | 3TG | | Capacity Review | | |
| 2.3 Yellow Status Criteria – Formality and Transparency | | | | | | | |
| 2.3.1 | Government officials (mines officials, secret service, municipal or provincial governments, military units etc.) extract significant taxation or other payments that are disproportionate to any service provided from the workers or production of a mine site, in a manner not authorized by the Member State’s mineral code or mineral regulations. | RCM Manual - 2nd Edition, Appendix A2 -Table 6, p.59 | 3TG | | | | |
| 2.3.2 | Mine site owner, Mine Site Operators, intermediaries, traders, exporters or any other upstream actors in the CoC and operating on the mine site, offer, promise, give or demand bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export. ²² | RCM Manual - 2nd Edition, Appendix A2 -Table 6, p.59 | 3TG | | | | |

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| ID | Status Criteria ¹ & ² | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|-------|--|--|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.3.3 | Mine site owner, Mine Site Operators, intermediaries, traders, exporters or any other upstream actors in the chain of custody and operating on the mine site, do not pay all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas to governments and fail to disclose such payments in accordance with the principles set forth under EITI. | RCM Manual - 2nd Edition, Appendix A2 -Table 6, p.59 | 3TG | | | | |
| 2.3.4 | The Mine Site Owner or Operator refuses to provide sample material for an Analytical Mineral Determination (AMD) sampling to the ICGLR or Member State. | RCM Manual - 2nd Edition, Appendix A2 -Table 6, p.60 | 3TG | | | | |

NOTES

- a. Status criteria, as per the Appendices to the ICGLR RCM 2nd Edition
- b. Data Sources would include the risk assessment, documentary/records review, interviews, direct observation, photographic evidence, capacity review, other (explain), not applicable (N/A).
- c. Status would refer to red, yellow, or green status. The absence of a red or yellow status would indicate full compliance, so green status.
- d. Recommendations are a key element for the basis of the Corrective Action Plan.

TABLE G.4: REFERENCE TABLES

| Status/Rating | Data Source |
|---------------|------------------------|
| Red | Risk Assessment |
| Yellow | Document/Record Review |
| Green | Direct Observation |
| N/A | Photographic Evidence |
| | Capacity Review |
| | Other (explain): |
| | N/A |

4. EXPORTER

TABLE G.5: EXPORTER CHECKLIST

Exporter Checklist

| ID | Status Criteria ¹ & ² | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|------------|--|---|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 1 | Exporter Red Status Criteria | | | | | | |
| 1.1 | Exporter Red Status Criteria - Conflict | | | | | | |
| 1.1.1 | Non-state armed groups or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded and any upstream actor in the supply chain up to and including the exporter. | RCM Manual - 2nd Edition, Appendix E -Table 7, p.72 | | 3TG | | | |
| 1.1.2 | Non-state armed groups or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded up to and including the exporter. | RCM Manual - 2nd Edition, Appendix E -Table 7, p.72 | | 3TG | | | |
| 1.1.3 | Non-state armed groups or their affiliates illegally tax or extort money or mineral shares from mine site owners, Mine Site Operators, intermediaries, traders, export companies, or any other upstream actors in the Chain of Custody (CoC) up to and including the exporter. | RCM Manual - 2nd Edition, Appendix E -Table 7, p.72 | | 3TG | | | |
| 1.2 | Exporter Red Status Criteria – Human Rights / Working Conditions | | | | | | |
| 1.2.1 | Children below the minimum working age as defined in that Member State are employed at the mine site or the worst forms of child labour as defined by the ILO are present at the mine site or in the exporter’s supply chain. | RCM Manual - 2nd Edition, Appendix E -Table 7, p.72 | | 3TG | | | |
| 1.2.2 | Forced labour is practiced in the exporter’s supply chain; or workers are required to work for no compensation; workers are required on certain days of the week to surrender the fruits of their labour to a third party. | RCM Manual - 2nd Edition, Appendix E -Table 7, p.72 | | 3TG | | | |

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| ID | Status Criteria1&2 | Reference1 | Mineral | Status / Rating3 | Data Sources2 | Observations/ Finding | Recommendations4 |
|--|---|---|---------|------------------|---------------|-----------------------|------------------|
| 1.2.3 | Any forms of torture, cruel, inhuman and degrading treatment are practiced or identified in the exporter's supply chain. | RCM Manual - 2nd Edition, Appendix E -Table 7, p.72 | | 3TG | | | |
| 1.2.4 | Other gross human rights violations and abuses such as wide spread sexual violence are practiced or identified associated with the exporter's activities. | RCM Manual - 2nd Edition, Appendix E -Table 7, p.73 | | 3TG | | | |
| 1.2.5 | War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide are associated with the exporter. | RCM Manual - 2nd Edition, Appendix E -Table 7, p.73 | | 3TG | | | |
| 1.3 Exporter Red Status Criteria – Formality and Transparency | | | | | | | |
| 1.3.1 | Payments are made to illegal or criminal organizations by any of the supply chain actors in the exporter's supply chain. | RCM Manual - 2nd Edition, Appendix E -Table 7, p.72 | | 3TG | | | |
| 1.3.2 | Payments are made to political parties or political organizations, in contravention of a Member State's laws by any of the supply chain actors in the exporter's supply chain. | RCM Manual - 2nd Edition, Appendix E -Table 7, p.72 | | 3TG | | | |
| 1.3.3 | Designated Minerals sourced in a Not Valid (Red) mine site are entering into the exporters supply chain or being mixed with Designated Minerals produced in a clean supply chain. | RCM Manual - 2nd Edition, Appendix E -Table 7, p.72 | | 3TG | | | |
| 2 Exporter Yellow Status Criteria | | | | | | | |
| 2.1 Yellow Status Criteria – Conflict | | | | | | | |

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| ID | Status Criteria ^{1&2} | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|-------|---|---|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.1.1 | Public or Private Security Forces or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded and any upstream actor in the exporter's supply chain. | RCM Manual - 2nd Edition, Appendix E -Table 8, p.74 | 3TG | | | | |
| 2.1.2 | Public or Private Security Forces or their affiliates illegally tax or extort money or mineral shares from mine site owners, Mine Site Operators, intermediaries, traders, exporters or any other upstream actors in the exporter's CoC. | RCM Manual - 2nd Edition, Appendix E -Table 8, p.74 | 3TG | | | | |
| 2.1.3 | Public or Private Security Forces or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded in the exporter's supply chain. | RCM Manual - 2nd Edition, Appendix E -Table 8, p.74 | 3TG | | | | |
| 2.2 | Exporter Yellow Status Criteria – Formality and Transparency | | | | | | |
| 2.2.1 | Mineral shipments exit the mine site without having been registered or recorded by a CoC system that can track the minerals from mine site through the exporter's supply chain. | RCM Manual - 2nd Edition, Appendix E -Table 8, p.74 | 3TG | | | | |
| 2.2.2 | Government officials (mines officials, secret service, municipal or provincial governments, military units etc.) extract significant taxation or other payments that are disproportionate to any service provided from supply chain actors in the Exporter's supply chain in a manner not authorized by the Member State's mineral code or mineral regulations. | RCM Manual - 2nd Edition, Appendix E -Table 8, p.74 | 3TG | | | | |
| 2.2.3 | Material from another unknown source is entering into the exporter's supply chain. | RCM Manual - 2nd Edition, Appendix E -Table 8, p.74 | 3TG | | | | |

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| ID | Status Criteria1 & 2 | Reference1 | Mineral | Status / Rating3 | Data Sources2 | Observations/ Finding | Recommendations4 |
|--|---|--|---------|------------------|---------------|-----------------------|------------------|
| 2.2.4 | Any supply chain actor in the exporter's supply chain, offer, promise, give or demand bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.24 | RCM Manual - 2nd Edition, Appendix E -Table 8, p.75 | | 3TG | | | |
| 2.2.5 | Any supply chain actor in the exporter's supply chain, does not pay all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas (CAHRAs) to governments and fail to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI). | RCM Manual - 2nd Edition, Appendix E -Table 8, p.75 | | 3TG | | | |
| 2.2.6 | Any supply chain actor in the exporter's supply chain refuses to allow Analytical Mineral Determination (AMD) sampling to be conducted. | RCM Manual - 2nd Edition, Appendix E -Table 8, p.75 | | 3TG | | | |
| 2.3 Exporter Yellow Status Criteria – Management System | | | | | | | |
| 2.3.1 | The exporter has not established a strong company management system in line with the OECD Supplement on Tin, Tantalum and Tungsten or Supplement on Gold. | RCM Manual - 2nd Edition, Appendix E -Table 8, p.74 | | 3TG | | | |
| Step 1: Establish strong company management systems | | | | | | | |
| 2.3.1.1 | Adopt, and clearly communicate to suppliers and the public, a policy, applicable to the company and its suppliers, providing the principles and standards for identifying and managing the risks in the supply chain of minerals potentially from conflict-affected or high risk areas, against which the company will assess itself and the activities and relationships of suppliers. | OECD Due Diligence 3rd Edition Annex I Step 1.A p.17, Step 1.A.1 p.36, Step 1.A.1 p.72 | | 3TG | | | |

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| ID | Status Criteria ¹ & ² | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|---------|--|--|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.3.1.2 | Ensure that the supply chain policy is consistent with the standards provided in Annex II of the Guidance. | OECD Due Diligence 3rd Edition Annex I Step 1.A p.17, Step 1.A.1 p.36, Step 1.A.1 p.72 | | 3TG | | | |
| 2.3.1.3 | Within the supply chain policy, set out a clear and coherent management process for risk management. Commit to the due diligence steps as described in Annex I and, where relevant, the Supplement. | OECD Due Diligence 3rd Edition Annex I Step 1 p.17, Step 1.A.2 p.36, Step 1.A.2 p.7 | | 3TG | | | |
| 2.3.1.4 | Structure internal management to support supply chain due diligence and assign authority and responsibility to senior staff with the necessary competence, knowledge and experience to oversee supply chain due diligence. | OECD Due Diligence 3rd Edition Annex I, 1.B p.17, Step 1.B.1 p.36, Step 1.B.1 p.72 | | 3TG | | | |
| 2.3.1.5 | Ensure that sufficient resources are made available to support the operation and monitoring of supply chain due diligence processes, taking into account company size, location and circumstances. | OECD Due Diligence 3rd Edition Step 1.B.2 p.36, Step | | 3TG | | | |
| 2.3.1.6 | Establish the necessary organisational structure and communication processes that will ensure critical information about supply chain due diligence, including the company's policy, reaches relevant employees and suppliers. | OECD Due Diligence 3rd Edition 1.B.2 p.72 | | 3TG | | | |
| 2.3.1.7 | Assist suppliers in building due diligence capacities and provide training as appropriate to employees and suppliers on the policy and its practical application. | OECD Due Diligence 3rd Edition Annex I.1.D p.17, Step 1.D.3 p.40, Step 1.D.3 p.74 | | 3TG | | | |

ICGLR Third-Party Audit Methodology and Tools

| ID | Status Criteria ^{1&2} | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|----------|---|---|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.3.1.8 | Ensure internal accountability with respect to the implementation of the supply chain due diligence process. | OECD Due Diligence 3rd Edition Annex I Step 1 p.17, Step 1.B.4 p.36, Step 1.B.4 p.72 | | 3TG | | | |
| 2.3.1.9 | Establish a system of controls and transparency over the mineral supply chain, including a chain of custody or traceability system or the identification of upstream actors in the supply chain. Create and maintain internal documentation and records of supply chain due diligence processes, findings and resulting decisions. | OECD Due Diligence 3rd Edition Annex I.1.C p.17, Step 1.C pp.37-39, Step 1.C.1 p.73 | | 3TG | | | |
| 2.3.1.10 | For all upstream companies: Support the implementation of the principles and criteria of the Extractive Industry Transparency Initiative (EITI). | OECD Due Diligence 3rd Edition Annex II para13, Step 1.C.4.4 p.39, Step 1.II.A.3 p.75 | | 3TG | | | |
| 2.3.1.11 | For local mineral exporters: Collect and disclose information on taxes/payments and details of mineral origin and transportation as set out in the 3T Supplement (taking account of business confidentiality and competitive concerns). | OECD Due Diligence 3rd Edition Step 1.C.1.1, p.37, Footnote 12, p.40 | | 3T Only | | | |
| 2.3.1.12 | For international concentrate traders, mineral reprocessors and smelters/refiners: Incorporate disclosure requirements into commercial contracts and contractually require local exporters to provide the taxes/payments and origin information set out in the Supplements (information can be disclosed to and held by an Institutionalised Mechanism with a mandate to collect and process information on minerals from conflict-affected and high-risk areas). | OECD Due Diligence 3rd Edition Step 1.C.3.1 p.37, Step 1.C.2.1 p.38, Footnote 12 p.40 | | 3T Only | | | |

ICGLR Third-Party Audit Methodology and Tools

| ID | Status Criteria ¹ & ² | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|----------|--|---|-----------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.3.1.13 | For international concentrate traders and mineral reprocessors: Collect and disclose to downstream purchasers and relevant Institutionalised Mechanisms all export, import and re-export documentation including records of all taxes and any other payments made to public or private security forces or other armed groups, the identification of local exporters and the information provided by local exporters (information can be disclosed to and held by an Institutionalised Mechanism with a mandate to collect and process information on minerals from conflict-affected and high risk areas). | OECD Due Diligence 3rd Edition Step 1.C.2.2 p.38, Footnote 12, p.40 | 3T Only | | | | |
| 2.3.1.14 | For all upstream companies: Generate, on a disaggregated basis, information on taxes/payments and details of mineral origin and transportation as set out in the 3T Supplement. Make this information available to downstream purchasers and relevant Institutionalised Mechanisms (information can be disclosed to and held by an Institutionalised Mechanism with a mandate to collect and process information on minerals from conflict-affected and high risk areas). | OECD Due Diligence 3rd Edition Step 1.C.4.1/2 p38/39, Footnote 12 p.40 | 3T Only | | | | |
| 2.3.1.15 | For all upstream companies: Avoid cash transactions where practicable and ensure cash transactions are supported by verifiable information. | OECD Due Diligence 3rd Edition Step 1.C.4.3 p.39, Step 1.I.C.3 p.73 | 3TG | | | | |
| 2.3.1.16 | Assign a unique reference number to each input and output and adopt tamper proof physical security measures as set out in the Gold Supplement. | OECD Due Diligence 3rd Edition Step 1.II.A p.75, Step 1.II.B p.75, Step 1.II.C p.76 | Gold Only | | | | |
| 2.3.1.17 | For gold exporters, recyclers and traders: Seek to deal directly with legitimate ASM producers or their representatives where possible. | OECD Due Diligence 3rd Edition Step 1.II.B.5 p.76 | Gold Only | | | | |

ICGLR Third-Party Audit Methodology and Tools

| ID | Status Criteria ¹ & ² | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|----------|---|--|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.3.1.18 | For gold exporters, recyclers, traders and refiners: Inspect all shipments for conformity to the information provided by the supplier on the type of gold, weight and quality. Report any inconsistency to management responsible for due diligence, with no further action taken until the inconsistency is resolved, and physically segregate and secure any shipments with unresolved inconsistencies. | OECD Due Diligence 3rd Edition Step 1.II.B.3/4 p.75, Step 1.II.C.3/4 p.76 | Gold | Only | | | |
| 2.3.1.19 | Maintain inventory and transaction documentation that can be retrieved and should include the physical descriptions set out in the Gold Supplement, supplier details including KYC information and unique references for processing, purchases and sales. | OECD Due Diligence 3rd Edition Step 1.C.2 p.73 | Gold | Only | | | |
| 2.3.1.20 | Cooperate fully and transparently with law enforcement agencies regarding gold transactions. Provide customs officials with access to complete information on all international shipments. | OECD Due Diligence 3rd Edition Step 1.C.4 p.73 | Gold | Only | | | |
| 2.3.1.21 | Maintain due diligence information for a minimum of five years, preferably on a computerised database. For 3T supply chains, smelters/refiners and downstream purchasers should also make due diligence information available to downstream purchasers and relevant Institutionalised Mechanisms. | OECD Due Diligence 3rd Edition Step 1.C.3.2 p.38, Step 1.C.5.2-3, p.39, Step 1.C.5, p.73 | 3TG | | | | |
| 2.3.1.22 | Aim to establish long-term relationships with suppliers in order to build responsible sourcing relationships with them. | OECD Due Diligence 3rd Edition Step 1.D.1 p.40 & p.74 | 3TG | | | | |
| 2.3.1.23 | Communicate to suppliers the company's expectation that suppliers will undertake mineral supply chain due diligence and risk management consistent with the standards defined in Annex II of the Guidance. | OECD Due Diligence 3rd Edition Annex I Step 1.D p.17, Step 1.D.2 p.40, Step 1.D.2, p.74 | 3TG | | | | |

ICGLR Third-Party Audit Methodology and Tools

| ID | Status Criteria ¹ & ² | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|--|---|--|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.3.1.24 | Incorporate the company's supply chain policy into contracts or written agreements with suppliers which can be applied and monitored. | OECD Due Diligence 3rd Edition Annex I Step 1.D p.17, Step 1.D.2 p.40, Step 1.D.3 p.74 | | 3TG | | | |
| 2.3.1.25 | Seek to support and build capacities of suppliers to improve risk management performance and comply with the company's supply chain policy. | OECD Due Diligence 3rd Edition Annex I Step 1.D p.17, Step 1.D.3 p.40, Step 1.D.4 p.74 | | 3TG | | | |
| 2.3.1.26 | Commit to designing measurable improvement plans with suppliers, involving external stakeholders such as government or civil society as appropriate. | OECD Due Diligence 3rd Edition Step 1.D.4 p.40, Step 1.D.5 p.74 | | 3TG | | | |
| 2.3.1.27 | Establish a grievance mechanism that enables any affected stakeholders or whistle-blowers to voice concerns regarding the circumstances of extraction, trade, handling and export of minerals. The grievance mechanism may be provided directly, through collaboration with other companies, or through an industry programme or institutionalised mechanism. | OECD Due Diligence 3rd Edition Annex I Step 1.E p.17, Step 1.E.1, p.40, Step 1.E.1, p.74 | | 3TG | | | |
| Step 2: Identify and assess risks in the supply chain | | | | | | | |
| 2.3.1.28 | Identify risks in supply chains taking into consideration that the scope for the risk assessment will depend on the position in the supply chain (e.g. upstream, downstream). | OECD Due Diligence 3rd Edition Annex I.2.A-B, p.18 | | 3TG | | | |

ICGLR Third-Party Audit Methodology and Tools

| ID | Status Criteria ¹ & ² | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|----------|--|--|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.3.1.29 | Ensure that the scope of risk identification and assessment extends to all of the risks set out in Annex II and the recommendations in the Due Diligence Guidance. | OECD Due Diligence 3rd Edition Annex I.2.A-B, p,18 | 3TG | | | | |
| 2.3.1.30 | Identify and assess whether the locations of mineral origin and transit, the nature of suppliers or the circumstances within the supply chain may trigger 'red status' as defined by their policy and the relevant Supplement of the Guidance. Note: All minerals from an ICGLR member state qualify as a Red Status for origin, transit and supplier. | OECD Due Diligence 3rd Edition Step 2.I/II.A p.41/43, Step 2.1.A, p.78, Step 2.II.B, p.87 | 3TG | | | | |
| 2.3.1.31 | For local exporters, recyclers, traders and refiners: Using reasonable and good faith efforts and steps proportional to risk, determine whether gold is mined gold, recyclable gold or grandfathered stocks as set out in the gold supplement. | OECD Due Diligence 3rd Edition Step 2.II.A, pp.86-87 | Gold | Only | | | |
| 2.3.1.32 | For gold producers: Determine whether upstream gold producers also purchase gold (including ASM gold) and, through the steps described in the OECD DD Gold Supplement, determine whether this may trigger 'red status'. Note: All minerals from an ICGLR member state qualify as a Red Status for origin, transit and supplier. | OECD Due Diligence 3rd Edition Step 2.I.B, p.79 | Gold | Only | | | |
| 2.3.1.33 | For all upstream companies: Map the factual circumstances of the supply chain, including the origin of minerals and the activities/relationships of suppliers. | OECD Due Diligence 3rd Edition Step 2.I.B p41, Appendix 54/57/58, Step 2.I.C, p.80, Step 2.II.C, p89 | 3TG | | | | |
| 2.3.1.34 | For gold mined by or purchased from medium and large-scale mining operations determine risk through evidence gathered with reference to the criteria set out in the Supplement. | OECD Due Diligence 3rd Edition Step 2.I.C.3, pp.82-84 | Gold | Only | | | |

ICGLR Third-Party Audit Methodology and Tools

| ID | Status Criteria ¹ & ² | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|----------|--|---|-----------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.3.1.35 | For ASM gold mined by ASM mining enterprises in red-status operations or purchased by medium and large-scale mining companies, determine risk through evidence gathered with reference to the criteria set out in the Supplement. | OECD Due Diligence 3rd Edition Step 2.I.C.4, p.84/85 | Gold Only | | | | |
| 2.3.1.36 | For all upstream companies: Undertake an in-depth review of the context of all red-status locations and the due diligence practices of any red-status suppliers, covering all of the aspects referenced in the Supplements. | OECD Due Diligence 3rd Edition Step 2.I/II.B/C, p.41/42/43, Step 2.I.C.1, p.80 | 3TG | | | | |
| 2.3.1.37 | For all upstream companies: Undertake on-the-ground assessments, performed by suitably qualified and independent assessors, of Red Status sources of mined minerals. Provide this information to downstream companies in the supply chain. Note: Information should be provided if requested. | OECD Due Diligence 3rd Edition Step 2.I.B p.41, Step 2.I.C.2, p.80, Step 2.II.C.2, p.89 | 3TG | | | | |
| 2.3.1.38 | For mined gold, obtain evidence of the factual circumstances of gold extraction, trade, handling and export, having regard to the differences between LSM and ASM gold and the relevant criteria for each provided in the Supplement. | OECD Due Diligence 3rd Edition Step 2.II.C.3, pp.90-94 | Gold Only | | | | |
| 2.3.1.39 | For recyclable gold, collect additional information from red status supply chains, prioritising higher risk persons, places and transactions with regard to the risk factors and testing activities described in the Supplement. | OECD Due Diligence 3rd Edition Step 2.II.C.4/5, pp.94-96 | Gold Only | | | | |
| 2.3.1.40 | Assess risks against the requirements of the company's supply chain policy (consistent with Annex II), the relevant Supplement of the Guidance, national laws and other relevant legal instruments. Any reasonable inconsistency between these requirements and the information obtained through due diligence should constitute a risk. | OECD Due Diligence 3rd Edition Step 2.I.C, p.42, Step 2.I/II.D, pp.85-86/96-97 | 3TG | | | | |

ICGLR Third-Party Audit Methodology and Tools

| ID | Status Criteria ¹ &2 | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|---|---|--|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| Step 3: Design and implement a strategy to respond to identified risks | | | | | | | |
| 2.3.1.41 | Report findings of risk assessment to designated senior management, outlining the information gathered and the actual and potential risks identified in the supply chain risk assessment. | OECD Due Diligence 3rd Edition Annex I Step 3.A, p.18, Step 3.A, p.44, Step 3.I.A, p.99 | | 3TG | | | |
| 2.3.1.42 | Enhance engagement with suppliers and strengthen internal controls, having regard to the specific measures for upstream and downstream companies provided in the Supplement. | OECD Due Diligence 3rd Edition Step 3.I/II.B, p.99/103 | | Gold Only | | | |
| 2.3.1.43 | Manage the identified risks by either: (i) continuing to trade but with measurable risk mitigation, (ii) temporarily suspending trade while mitigation is put in place, or (iii) ceasing trade with the relevant supplier. In doing so have regard to the specific recommendations of the relevant Supplements. | OECD Due Diligence 3rd Edition Annex I Step 3.B p.18, Step 3.B, p.44, Step 3.I/II.C, p.100/103 | | 3TG | | | |
| 2.3.1.44 | Measurable risk mitigation should result in significant and measurable improvement towards eliminating the identified risks, other than serious abuses, within six months from the adoption of the risk management plan. If there no such measurable improvement within six months, companies should suspend or discontinue engagement with the supplier for a minimum of three months. | OECD Due Diligence 3rd Edition Annex II footnote 8/10, p.23/24, Step 3.I/II.C, p.101/104 | | 3TG | | | |

ICGLR Third-Party Audit Methodology and Tools

| ID | Status Criteria ^{1&2} | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|----------|--|--|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.3.1.45 | Build and/or exercise leverage over the actors in the supply chain who can most effectively and most directly prevent and mitigate the risks of adverse impacts. | OECD Due Diligence 3rd Edition Annex I Step 3.B p.18, Step 3.B.2a, p.44, Step 3.I/II.C.2, p.101/104 | | 3TG | | | |
| 2.3.1.46 | Consult with suppliers and affected stakeholders to agree on the strategy for measurable risk mitigation in the risk management plan. | OECD Due Diligence 3rd Edition Annex I Step 3.B, p.18, Step 3.B.2b, p.45, Step 3.I/II.C.2, p.101/104 | | 3TG | | | |
| 2.3.1.47 | For upstream companies: Publish the supply chain risk assessment and the supply chain management plan, with due regard to business confidentiality and other competitive concerns, and make them available to external stakeholders as set out in the relevant Supplement. | OECD Due Diligence 3rd Edition Step 3.B.2b, p.45 | | 3T Only | | | |
| 2.3.1.48 | For upstream companies: Gold producers with red status operations and other upstream companies sourcing ASM gold should assist and enable legitimate ASM producers to build supply chains consistent with the Guidance. | OECD Due Diligence 3rd Edition Step 3.I.C.2c, p.102, Appendix pp.114-118 | | Gold Only | | | |
| 2.3.1.49 | Implement the risk management plan, monitor risk mitigation and report performance to designated senior management, and consider suspending or discontinuing trade with a supplier after failed attempts at mitigation. | OECD Due Diligence 3rd Edition Annex I Step 3.C p.18, Step 3.C p.46, Step 3.I/II.D, p.102/105 | | 3TG | | | |

ICGLR Third-Party Audit Methodology and Tools

| ID | Status Criteria ¹ & ² | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|---|---|---|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.3.1.50 | For upstream companies: Implement, monitor and track performance of risk mitigation in cooperation/ consultation with local and central authorities and other relevant stakeholders. Consider establishing or supporting community-based networks to monitor risk mitigation. | OECD Due Diligence 3rd Edition Step 3.C.1, p.46, Step 3.I.D, p.102 | | 3TG | | | |
| 2.3.1.51 | Maintain ongoing risk monitoring, evaluate the effectiveness of risk mitigation efforts and undertake additional fact and risk assessments as required, for example following changes to the supply chain. | OECD Due Diligence 3rd Edition Annex I Step 3.D, p.18, Step 3.D, p.46, Step 3.I/II.E, p.102/105 | | 3TG | | | |
| Step 4: Carry out independent third party audit of supply chain due diligence at identified points in the supply chain | | | | | | | |
| 2.3.1.52 | Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain. | OECD Due Diligence 3rd Edition Annex I Step 4,p.19 | | 3TG | | | |
| 2.3.1.53 | Facilitate auditor access to company sites, documentation, records and, as appropriate, access to suppliers and other relevant stakeholders, such as on-the-ground assessment teams. | OECD Due Diligence 3rd Edition Step 4.B.1, p.50, Step 4.B.5, p.110 | | 3TG | | | |
| 2.3.1.54 | Audit scope covers all of the smelter/refiner's business activities and management processes related to mineral supply chain due diligence. | OECD Due Diligence 3rd Edition Step 4.A.1, p.47, Step 4.A.1, p.106 | | 3TG | | | |
| 2.3.1.55 | The audit criteria assess the conformity of the smelter/ refinery's due diligence practices against the requirements of a standard based on the Guidance. | OECD Due Diligence 3rd Edition Step 4.A.2, p.47,Step 4.A.2, p.107 | | 3TG | | | |

ICGLR Third-Party Audit Methodology and Tools

| ID | Status Criteria ¹ &2 | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|---|--|--|---------|------------------------------|---------------------------|--------------------------|------------------------------|
| 2.3.1.56 | Auditors are required to be independent of the smelter/refinery and its supply chain, both with respect to business or financial relationships and with any services provided to the auditee company or its supply chain relating to due diligence practices. | OECD Due Diligence 3rd Edition Step 4.A.3, p.47, Step 4.A.3, p.107 | | 3TG | | | |
| 2.3.1.57 | Auditors should be technically competent with appropriate mineral supply chain knowledge, as described in the Supplements. | OECD Due Diligence 3rd Edition Step 4.A.4 p.48, Step 4.A.4 p.107 | | 3TG | | | |
| 2.3.1.58 | Audit activities should include audit preparation, document review, in-site investigations, risk based sampling of due diligence records and data, and audit conclusions, as described in the Guidance. | OECD Due Diligence 3rd Edition Step 4.A.4, p.48, Step 4.A.4, p.108 | | 3TG | | | |
| Step 5: Report on supply chain due diligence | | | | | | | |
| 2.3.1.59 | Annually report, or integrate into annual sustainability or corporate responsibility reports, information on supply chain due diligence. | OECD Due Diligence 3rd Edition Annex I.5 p.19, Step 5.A, p.52, Step 5.A, p.111 | | 3TG | | | |
| 2.3.1.60 | For all upstream companies (including smelters/refiners): The report should describe the company's management systems, the methodology and results of the risk assessment and the steps taken to manage risks, consistent with the specific content described in the Guidance. The report should be published. | OECD Due Diligence 3rd Edition Step 5.A.1, p.52, Step 5.A.1, p.111 | | 3TG | | | |
| 2.3.1.61 | For smelters/refiners: The audit reports should be published. | OECD Due Diligence 3rd Edition Step 5.A.2, p.53 | | 3T Only | | | |

ICGLR Third-Party Audit Methodology and Tools

| ID | Status Criteria ¹ & ² | Reference ¹ | Mineral | Status / Rating ³ | Data Sources ² | Observations/ Finding | Recommendations ⁴ |
|----------|--|---|---------|------------------------------|---------------------------|-----------------------|------------------------------|
| 2.3.1.62 | For gold refiners: In addition to reporting on management systems, risk assessment and risk management as defined in the Supplement, refiners should publish the summary audit reports including details of audit dates, activities, methodology and conclusions (either directly or through cooperation with an Industry Programme or Institutionalised Mechanism). | OECD Due Diligence 3rd Edition Step 5.A.2, p.112 | Gold | Only | | | |
| 2.3.2 | The exporter did not identify and assess risk in their supply chain in line with the OECD Supplement on Tin, Tantalum and Tungsten or Supplement on Gold. | RCM Manual - 2nd Edition, Appendix E -Table 8, p.74 | 3TG | | | | |

NOTES

- Status criteria, as per the Appendices to the ICGLR RCM 2nd Edition and OECD Due Diligence 3rd Edition.
- Data Sources would include the risk assessment, documentary/records review, interviews, direct observation, photographic evidence, capacity review, other (explain), not applicable (N/A).
- Status would refer to red, yellow, or green status. The absence of a red or yellow status would indicate full compliance, so green status.
- Recommendations are a key element for the basis of the Corrective Action Plan.

TABLE G.6: REFERENCE TABLES

| Status | Data Source | Mineral |
|--------|-------------------------|-----------|
| Red | Risk Assessment | 3T Only |
| Yellow | Document /Record Review | Gold Only |
| Green | Direct Observation | 3TG |
| N/A | Photographic Evidence | |
| | Capacity Review | |
| | Other (explain): | |
| | N/A | |

ANNEX H: ICGLR REGIONAL CERTIFICATION MECHANISM REFERENCES ON SAMPLE SIZE

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

1. ICGLR REGIONAL CERTIFICATION MECHANISM REFERENCES ON SAMPLE SIZE

1.1. ICGLR REGIONAL CERTIFICATION MECHANISM (RCM) — CERTIFICATION MANUAL

As stated in the ICGLR RCM Manual section 3.20.3.2

In examining the records of exporters, traders, miners, or other actors in the mineral chain, TPAs shall inspect a percentage of the records to justify general conclusions about the totality of the record set. If this percentage is less than 100%, the TPA shall justify the chosen sample size (the percentage of records examined) in writing, demonstrating that the chosen sample size gives accurate results concerning the remaining, unexamined records.

As stated in the ICGLR RCM Manual section 3.20.4.1

Sample size must permit reasonable conclusions about the effectiveness of the exporters' management system as it pertains to the totality of their suppliers and mine sites. Where the percentage of suppliers and mine sites selected for inspection is less than 100%, the auditor shall justify the chosen sample size (the percentage of suppliers and mine sites examined) in writing, demonstrating that the chosen sample size gives reasonable assurance concerning the remaining, unexamined suppliers and mine sites.

1.2 AUDIT METHODOLOGY / TEMPLATE FOR THE THIRD-PARTY EXPORTER AUDITS

As stated in the ICGLR Audit Methodology:

4.3: Moreover, it is absolutely critical that relative difficulty of access does not preclude certain mine-sites or transportation routes from inclusion in an audit's representative and/or risk-based sample.

4.5: In the case of interviews undertaken during mine site visits, the auditor should also deploy one-to-one interviews with a representative sample of individual miners, particularly when touching upon sensitive subjects.

5.3.2: Representative sampling – mine sites

As an alternative to a fixed percentage for sample size, which might prove problematic when faced with an audit of a particularly large-scale exporting entity, the auditor could be required to inspect, as the minimum, the first three most significant suppliers to the exporter, in terms of volume and value, as well as two further mine sites selected at random from the first two quartiles of supplier mine sites, in terms of volumes and values of productions.

Alternatively, sample size could be decided on an ad hoc basis, with the auditor required to propose a representative sample, and justify his choice, as part of the audit plan, and subject to approval by the Audit Committee, or whichever body is responsible for management supervision of the third-party audit. In addition to the issues of representative sampling and sample size, there could also be risk-based selection of mine sites. In certain circumstances, subject to the third-party audit's risk assessment, risk-based selection should be incorporated as part of the sampling process. There should be a requirement for the third-party auditor to evaluate whether risk-based selection would be advisable, as part of the risk assessment.

Moreover, in the case of an exporter who deals in and exports more than one mineral and/or all 3Ts, the sample of suppliers should also include each of the minerals exported.

2. SAMPLING APPROACHES

2.1 AICPA GUIDANCE

The following table provides suggested minimum sample sizes in testing populations of fewer than 250 items.

Table H.1: Population Sample Size (less than 250 items)

| Population Size | Sample Size |
|-----------------|--------------------|
| 4 or less | 2 |
| 5-12 | 2-4 |
| 13-24 | 3-8 |
| 25-52 | 5-9 |
| 53-250 | Approximately 10 % |

For populations between 52 and 250 items, a rule of thumb some auditors follow is to test a sample size of approximately 10 % of the population, but the size is subject to professional judgment, which would include specific engagement risk assessment considerations.

The sample size should therefore be increased if the auditor requires additional information to be able to establish a reasonable basis on which to draw conclusions about the exporter's level of conformance to the requirements. Sample sizes shall be increased if the auditor detects inconsistencies or discrepancies in the documentation provided for review or if there is evidence pointing to the falsification or manipulation of documents. The auditor may utilize the exporter's assessment of risks in their supply chain to determine the level of risk associated with each supplying mine site.

2.2 COMPONENTS OF AUDIT RISK

There are three components of audit risk that should be factored into sample size and selection:

- a. Inherent risk is the risk involved in a particular type of business activity or transaction (for example, there is more inherent risk that the production of a mineral may be linked to the financing of non-state armed groups if that mineral is being sourced from a region where non-state armed groups are known to be operating).
- b. Control risk is the risk that an entity's internal control mechanism may have failed and therefore not detected or prevented from occurring (for example, there would be a control risk if a company's vetting of suppliers was poorly or inconsistently documented).
- c. Detection risk is the probability that the audit activities may fail to detect a significant error or fraudulent reporting (for example, there would be a detection risk if an auditor only has a limited amount of time in which to conclude whether due diligence procedures have been correctly followed when there are a high volume of transactions).

2.3 ISO 19011 SAMPLING GUIDANCE

As stated in ISO 19011 Sampling Guidance various sections:

General:

Audit sampling takes place when it is not practical or cost effective to examine all available information during an audit, e.g., records are too numerous or too dispersed geographically to justify the examination of every item in the population. Audit sampling of a large population is the process of selecting less than 100 % of the items within the total available data set (population) to obtain and evaluate evidence about some characteristic of that population, in order to form a conclusion concerning the population.

The objective of audit sampling is to provide information for the auditor to have confidence that the audit objectives can or will be achieved. The risk associated with sampling is that the samples may be not representative of the population from which they are selected, and thus the auditor's conclusion may be biased and be different to that which would be reached if the whole population was examined. There may be other risks depending on the variability within the population to be sampled and the method chosen.

Audit sampling typically involves the following steps:

- a. establishing the objectives of the sampling plan,
- b. selecting the extent and composition of the population to be sampled,
- c. selecting a sampling method,
- d. determining the sample size to be taken,
- e. conducting the sampling activity,
- f. compiling, evaluating, reporting, and documenting results.

When sampling, consideration should be given to the quality of the available data, as sampling insufficient and inaccurate data will not provide a useful result. The selection of an appropriate sample should be based on both the sampling method and the type of data required, e.g., to infer a particular behaviour pattern or draw inferences across a population.

Reporting on the sample selected could take into account the sample size, selection method and estimates made based on the sample and the confidence level. Audits can use either judgement-based sampling or statistical sampling.

JUDGEMENT-BASED SAMPLING:

Judgement-based sampling relies on the knowledge, skills, and experience of the audit team.

For judgement-based sampling, the following can be considered:

- a. previous audit experience within the audit scope,

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- b. complexity of requirements (including legal requirements) to achieve the objectives of the audit,
- c. complexity and interaction of the organization's processes and management system elements,
- d. degree of change in technology, human factor, or management system,
- e. previously identified key risk areas and areas of improvement,
- f. output from monitoring of management systems.

A drawback to judgement-based sampling is that there can be no statistical estimate of the effect of uncertainty in the findings of the audit and the conclusions reached.

STATISTICAL SAMPLING:

If the decision is made to use statistical sampling, the sampling plan should be based on the audit objectives and what is known about the characteristics of overall population from which the samples are to be taken.

- a. Statistical sampling design uses a sample selection process based on probability theory.
- b. Attribute-based sampling is used when there are only two possible sample outcomes for each sample (e.g., correct/incorrect or pass/fail).
- c. Variable-based sampling is used when the sample outcomes occur in a continuous range.

The sampling plan should take into account whether the outcomes being examined are likely to be attribute-based or variable-based. For example, when evaluating conformance of completed forms to the requirements set out in a procedure, an attribute-based approach could be used. When examining the occurrence of food safety incidents or the number of security breaches, a variable-based approach would likely be more appropriate.

The key elements that will affect the audit sampling plan are:

- a. the size of the organization,
- b. the number of competent auditors,
- c. the frequency of audits during the year,
- d. the time of individual audit,
- e. any externally required confidence level.

When a statistical sampling plan is developed, the level of sampling risk that the auditor is willing to accept is an important consideration. This is often referred to as the acceptable confidence level. For example, a sampling risk of 5 % corresponds to an acceptable confidence level of 95 %. A sampling risk of 5 % means the auditor is willing to accept the risk that 5 out of 100 (or 1 in 20) of the samples examined will not reflect the actual values that would be seen if the entire population was examined.

When statistical sampling is used, auditors should appropriately document the work performed. This should include a description of the population that was intended to be sampled, the sampling criteria used for the evaluation (e.g., what is an acceptable sample), the statistical parameters and methods that were utilized, the number of samples evaluated, and the results obtained.

2.4 DESIGNATED MINERALS TRANSACTIONS SAMPLING GUIDANCE

The objective of the review of material transactions is to test systems and processes of the auditee. This approach applies a representative sampling approach to gather sufficient evidence to reasonably allow for inference about the conformity of the whole population.

Sampling is employed exclusively for transactions of designated minerals. The auditor is responsible to determine the final sample size. Auditors shall refer to this Sampling Guidance for the approach to select the appropriate sample population.⁹

Sampling Approach

- a. The auditor shall review the type, size and complexity of the auditee’s operations to determine the sampling plan. Specifically, the auditor shall consider the following criteria:
- b. The total number of transactions received during the audit period.
- c. The proportion of mined and recycled as well as sub-categories of material.
- d. The number of active gold supplying counterparties during the audit period as well as the volume of material (in quantity or spend) supplied for each of them.
- e. The percentage of traders / trading companies as part of the total number of active gold supplying counterparties for primary material.
- f. The number of different low-risk countries of origin.
- g. Any anomalies observed in the review of transactions.
- h. Any other criteria as identified by the auditor.

Based on the above criteria, the auditor will apply the simple or complex sampling plan. The auditor will randomly select samples from the total population.

TABLE H.2: SIMPLE SAMPLING PLAN

| Number of transactions | Sampling Size |
|------------------------|---------------|
| 1 – 100 | 10 |
| 101 – 250 | 11 – 15 |
| 251 – 500 | 16 – 20 |
| 501 – 1000 | 21 – 25 |
| 1001 – 5000 | 25 – 30 |
| Over 5001 | 31 – 50 |

The sample size may be increased if the auditor detects inconsistencies or discrepancies in the documentation provided for review or if there is evidence pointing to the falsification or manipulation of documents. If during the audit the auditor feels the need to increase the sample size, the auditor shall provide the reason for this need as well as the applied sampling approach in the audit report.

⁹ This sampling guidance is based on ISEAL Alliance, Assurance Code Version 2014, Section 6.4.4

3. DOCUMENTING THE SAMPLING PROCEDURE

The form and extent of documentation related to sampling are influenced by numerous factors, which may include the size and complexity of the auditee, the nature and complexity of the auditee's internal control over compliance, the nature and complexity of the compliance requirements, and the auditee's past experience relative to compliance.

Examples of items that the auditor should document include the following:

- a. A definition of the total number of the population, including how the auditor considered the completeness of the population.
- b. The desired confidence or assurance level and the tolerable deviation or exception rate
- c. The chosen sample sizes. If an auditor determines a sample size using other than the suggested minimums, the basis for that determination would also be important in documenting the sampling applications and procedures.
- d. The sample selection method such as random or systematic selection
- e. The selected sample size, which would include identifying characteristics of the sampled elements.
- f. An evaluation of the sample, including:
 - the number of deviations or exceptions found in the sample,
 - important qualitative aspects of the deviation(s) or exception(s),
 - a determination of whether the sample results support the objective,
 - a determination whether observed deviation(s) or exception(s) require a modification of the auditor's opinion on compliance or will result in a finding and, if not, how the auditor considered sampling risk.
- g. Any qualitative factors considered significant in making the sampling, selections, assessments, and judgments which may include multiple major programs, multiple components, clusters, or other factors.
- h. A summary of the overall conclusion (if not evident from the results).

4. CONCLUSION

It is up to the auditor to determine the type of sampling approach to take, given their professional judgement and the situation in the field. When preparing the report, the auditor must include the reasoning and rationale for their sampling approach(s) as they may be different depending on what aspect of the audit they are conducting.

ANNEX I: AUDIT OBSERVER GUIDANCE

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

1. INTRODUCTION

An audit observer is, above all, a neutral party in the audit process. Audit observers can include ICGLR Audit Committee members, ICGLR Technical Unit Representatives, ICGLR Donors, ICGLR Consultants and other observers approved by the ICGLR Audit Committee.

2. CAPACITY BUILDING

The purpose of providing observers helps to strengthen the overall IGLR Audit program in the following ways.

It helps new audit committee members to understand the processes, tools and documents used in the process.

It helps the Audit Committee understand the challenges of auditing industrial and artisanal mines and exporters.

It provides Audit Committee members the ability to evaluate the competency of the auditors and identify where auditor training can be improved.

It provides Audit Committee members the ability to evaluate the effectiveness and usability of the various tools and then to make recommendation for system improvements.

It allows observers to provide clarification on various issues that may come up and to assure consistency across audits.

3. QUALITY ASSURANCE

All audit observers must abide by the following:

- Must be knowledgeable in the ICGLR Audit process and auditing techniques.
- Observe competency of auditors.
- Identify gaps/shortcomings of the ICGLR Audit process and tools.

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- Provide context of the process to auditee and auditor or other RCM actors.
- May introduce audit team to various RCM actors.
- Do not audit nor lead the auditor.
- Do not look at confidential records.
- May not participate in the interview process on sensitive issues.
- May need to sign an NDA
- Provide written summary of their observations to the AC
- Do not take pictures unless permission is received from the exporter or mine site operator.
- May ask the Auditor clarifying questions i.e., how did you determine your sample size.

ANNEX J: ICGLR REGIONAL CERTIFICATION MECHANISM THIRD-PARTY AUDIT REPORT TEMPLATE

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

ENTER EXPORTER NAME

ENTER COUNTRY

ENTER DATE REPORT FINALIZED

1. INTRODUCTION

The introduction should include the following points:

- Description of the operations observed by the auditee.
- Any unusual circumstances surrounding the audit.
- General observations.

2. AUDIT OBJECTIVES

- Broad objectives
- Specific objectives

3. AUDIT SCOPE

The audit is carried out against the ICGLR Regional Certification Mechanism Manual (RCM).

It covers the following entity and material:

- Entity audited.

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- Designated material audited.

A) AUDIT PERIOD

Indicate the time period covered by the audit. In case of a follow-up audit (Yellow status) or re-entry audit (Red status), specify if the timeframe to schedule and perform the audit was respected.

B) DESCRIPTION OF PHYSICAL SITES

List the exact company name and physical address for each site/operation visited as part of this audit. Include a description of activities conducted and the type and number of workers.

C) DATES OF AUDIT ACTIVITIES

Describe the dates the audit activities were conducted, and any activities identified in the audit plan that could not be accomplished.

4. AUDIT TEAM

- List last name, first name, and function for each participating auditor.
- List names and affiliations of all observers and translators.

5. AUDIT METHODOLOGY

- a. Literature Review
- b. Risk Assessment
- c. Interviews
- d. Records Review
- e. Sample Strategy and Size
 - Mine sites
 - Records
 - Interviews
- f. Field Visits
- g. Transport Route Verification
- h. Capacity Review
- i. Protection of Confidentiality

6. AUDIT FINDINGS

1. STATUS TABLES

Provide a colorimetric status using red, yellow, and green in the pull down demonstrating the status of the exporter’s conformance, Status Table 1 and the Supply Chain Actors used by the exporter, Status Table 2 to the RCM requirements.

TABLE J.1: STATUS FOR EXPORTER

| Status Criteria | Status | Item |
|------------------------------------|---------------|---|
| Conflict Red Status | Choose Status | 1. Non-state armed groups or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and any upstream actor in the supply chain, up to and including the exporter. |
| | Choose Status | 2. Non-state armed groups or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded up to and including exporter. |
| | Choose Status | 3. Non-state armed groups or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, export companies, or any other upstream actors in the Chain of Custody (CoC) up to and including the Exporter. |
| Conflict Yellow Status | Choose Status | 1. Public or private security forces or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and any upstream actor in the exporter’s supply chain. |
| | Choose Status | 2. Public or private security forces or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, exporters, or any other upstream actors in the Exporter’s CoC. |
| | Choose Status | 3. Public or private security forces or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded in the exporter’s supply chain. |
| Human Rights Red Status | Choose Status | 1. Children below the minimum working age, as defined in that Member State, are employed at the mine site or the worst forms of child labour, as defined by the ILO, are present at the mine site or in the exporter’s supply chain. |
| | Choose Status | 2. Forced labour is practiced in the exporter’s supply chain, or workers are required to work for no compensation; workers are required on certain days of the week to surrender the fruits of their labour to a third-party. |
| | Choose Status | 3. Any forms of torture, cruel, inhumane, and degrading treatment are practiced or identified in the exporter’s supply chain. |
| | Choose Status | 4. Other gross human rights violations and abuses such as widespread sexual violence are practiced or identified as associated with the exporter’s activities. |

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| Status Criteria | Status | Item |
|---|---------------|--|
| | Choose Status | 5. War crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide are associated with the exporter. |
| Formality & Transparency Red Status | Choose Status | 1. Payments are made to illegal or criminal organizations by any of the supply chain actors in the exporter's supply chain. |
| | Choose Status | 2. Payments are made to political parties or political organizations, in contravention of a Member State's laws by any of the supply chain actors in the exporter's Supply Chain. |
| | Choose Status | 3. Designated Minerals sourced in a Not Valid (Red) mine site are entering into the exporters supply chain or being mixed with Designated Minerals produced in a clean supply chain. |
| Formality & Transparency Yellow Status | Choose Status | 1. Mineral shipments exit the mine without having been registered or recorded by a CoC system that can track the minerals from mine site through the exporter's supply chain. |
| | Choose Status | 2. Government officials (mine officials, secret service, municipal or provincial governments, military units, etc.) extract significant taxation or other payments that are disproportionate to any service provided from supply chain actors in the exporter's supply chain in a manner not authorized by the Member State's mineral code or mineral regulations. |
| | Choose Status | 3. Material from another unknown source is entering into the exporter's supply chain. |
| | Choose Status | 4. Any supply chain actor in the exporter's supply chain, offers, promises, gives, or demands bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees, and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport, and export. |
| | Choose Status | 5. Any supply chain actor in the exporter's supply chain does not pay taxes, fees, and royalties related to mineral extraction, trade, and export from conflict-affected and high-risk areas (CAHRAs) to governments and fails to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI). |
| | Choose Status | 6. Any supply chain actor in the exporter's supply chain refuses to allow Analytical Mineral Determination (AMD) sampling to be conducted by the ICGLR or Member State. |

TABLE J.2: STATUS FOR EXPORTER’S MINE SITE AND SUPPLY CHAIN ACTORS

| Status Criteria | Status | Item |
|--|---------------|---|
| Conflict Red Status | Choose Status | 1. Non-state armed groups or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and any upstream actor in the supply chain. |
| | Choose Status | 2. Non-state armed groups or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded. |
| | Choose Status | 3. Non-state armed groups or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, export companies, or any other upstream actors in the CoC. |
| Conflict Yellow Status | Choose Status | 1. Public or private security forces or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and any upstream actor in the supply chain. |
| | Choose Status | 2. Public or private security forces or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, exporters, or any other upstream actors in the CoC. |
| | Choose Status | 3. Public or private security forces or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded. |
| Human Rights Red Status | Choose Status | 1. Children below the minimum working age, as defined in that Member State, are employed at the mine site or the worst forms of child labour, as defined by the ILO, are present at the mine site. Where a Member State has not defined a minimum working age, the standard of the International Labour Organisation (ILO) shall be used. |
| | Choose Status | 2. Forced labour is practiced at the mine site; workers are required to work for no compensation; workers are required on certain days of the week to surrender the fruits of their labour to the mine site boss. |
| | Choose Status | 3. Any forms of torture, cruel, inhuman, and degrading treatment are practiced or identified at the mine site. |
| | Choose Status | 4. Other gross human rights violations and abuses such as widespread sexual violence are practiced or identified as associated with the mining activities. |
| | Choose Status | 5. War crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide are associated with the exporter. |
| Formality & Transparency Red Status | Choose Status | 1. Payments are made by the mine site owner or operator to illegal or criminal organizations. |
| | Choose Status | 2. Government Payments are made by the mine site owner or operator to political organizations, in contravention of a Member State’s laws. |
| | Choose Status | 3. Designated Minerals sourced in a Not Valid (Red) mine site are entering into the mine site or being mixed with Designated Minerals produced at the mine site. |

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Formality & Transparency Yellow Status

- Choose Status 4. Industrial Mine Only - Mineral shipments exit the mine site without having been registered or recorded by a CoC System that can track the minerals to their next destination beyond the mine site.
- Choose Status 5. Industrial Mine Only - The mine site is not registered with the Member State mining authorities and/or is not in conformity with all Member States' laws and regulations regarding mineral title.
- Choose Status 1. Mineral shipments exit the mine without having been registered or recorded by a CoC system that can track the minerals to their next destination beyond the mine site.
- Choose Status 2. Government officials (mine officials, secret service, municipal or provincial governments, military units, etc.) extract significant taxation or other payments that are disproportionate to any service provided from the workers or productions of a mine site, in a manner not authorized by the Member State's mineral code or mineral regulations.
- Choose Status 3. Material from another unknown mine site is entering into the mine site or being mixed with the material.
- Choose Status 4. Mine site owner, mine site operators, intermediaries, traders, exporters, or any other upstream actors in the CoC and operating on the mine site offers, promises, gives, or demands bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees, and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport, and export.¹⁰
- Choose Status 5. Mine site owner, mine site operators, intermediaries, traders, exporters, or any other upstream actors in the CoC and operating on the mine site, does not pay all taxes, fees, and royalties related to mineral extraction, trade, and export from conflict-affected and high-risk areas (CAHRAs) to governments and fail to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).
- Choose Status 6. The mine owner or operator refuses to allow Analytical Mineral Determination (AMD) sampling to be conducted by the ICGLR or Member State.

2. NON-CONFORMANT STATUS CRITERIA FINDINGS

Provide the following information for each Non-conformance Finding:

- a. Status Criteria: What is the requirement?
- b. What are the findings? Each finding should specify: What, When, Where, Who, and Why. This must include conformance and non-conformance findings. All non-conformance findings should have at least two types of evidence or, where only one type of evidence is available, two independent sources.
- c. The exporter's proposed corrective action for each non-conformance.

¹⁰ See OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997); and the United Nations Convention Against Corruption (2004)

TABLE J.3: STATUS SUMMARY OF NON-CONFORMANCE FINDINGS

| SUMMARY OF NON-CONFORMANCES | | | |
|-----------------------------|------------------|--------------------------|---------------------------------------|
| Finding | Status Criteria: | Status Criteria Finding: | Auditee's Proposed Corrective Action: |
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |

Add additional rows as needed.

TABLE J.4: SUMMARY OF MANAGEMENT SYSTEMS IMPROVEMENT OPPORTUNITIES

| SUMMARY OF IMPROVEMENT OPPORTUNITIES | | | |
|--------------------------------------|------------------|--------------------------|---------------------------------------|
| Finding | Status Criteria: | Status Criteria Finding: | Auditee's Proposed Corrective Action: |
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |

Add additional rows as needed.

7. AUDIT CONCLUSION

Provide a statement on the degree to which the audit criteria have been fulfilled. The statement must be clear and supported by sufficient evidence. This includes an Exporter Status Level (Green, Yellow, or Red) based on the findings. If there is a Red finding in the exporter section, then the exporter is classified as Red (see tables below for proper status determination). Additionally, it may be appropriate to include a statement highlighting a best practice or program that is well run and would be good to share or be replicated by others.

TABLE J.5: OVERALL EXPORTER STATUS

| Exporter Findings* | Exporter Status |
|---|-----------------|
| Any Red Status findings | Red |
| Any Yellow Status findings with no Red findings | Yellow |
| All Green Status findings | Green |
| *Exporter findings will be impacted by supply chain actors' findings per the table below. | |

TABLE J.6: SUPPLY CHAIN ACTOR STATUS FINDING

| Supply Chain Actor Status Finding | Exporter Situation | Exporter Status |
|-----------------------------------|--|--|
| Red | Exporter was aware of a red status situation and continues to source from supply chain actor. | Exporter's Status Criteria for Management System #3 is now Red for failure to mitigate identified risks. |
| Red | Exporter immediately suspends or discontinues engagement with the supply chain actor. | Exporter Status Criteria for Management System #2 is now Yellow for failure to identify risks. |
| Yellow | Exporter was aware of the issue and the supply chain actor was implementing mitigation measures within the 6-month time frame. | Green |
| Yellow | Newly identified issue: Exporter will develop a risk mitigation plan. | Exporter Status Criteria for Management System #2 is now Yellow for failure to identify risks. |
| Yellow | Exporter was aware of a yellow status issue and the supply chain actor was not implementing mitigation measures. | Exporters Status Criteria for Management System #3 is now yellow for failure to mitigate identified risks. |

If this is an exporter's first audit since the implementation of the Second Edition RCM the following statement should be included:

This was EXPORTER NAME first Exporter Audit under the revised RCM that included a review of the Exporter's Due Diligence Management Systems process and their alignment with the RCM Manual and OECD Due Diligence Guidance. The Management Systems elements are evaluated separately and are not included in

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the overall Status Criteria rating. However, if there are deficiencies identified in the Management System, these deficiencies are documented, and a corrective action plan is put in place to allow for continuous improvement. The exporter will have to report quarterly to the ICGLR on the status of the corrective actions until they are closed. The reason for this approach is due to the limited capacity of exporters to implement a comprehensive management system as required by the RCM and to allow for continuous improvement to occur as they build and implement their program.

In the case of EXPORTER NAME there were a number of items regarding their Management Systems that were identified and are part of a corrective action program. None of the Management Systems items identified were indicative of a failed Due Diligence system, but issues to strengthen the overall program and better align it with the OECD Due Diligence Guidance. (This paragraph can be removed or edited if there were no issues identified.)

8. OPENING AND CLOSING MEETING

List the attendees who were at the opening and closing meetings. Summarize the topics discussed and any unresolved issues (if applicable). Include the signatures of the auditor and auditees to confirm that the findings were discussed during the closing meeting.

9. LIMITATIONS AND GENERAL FEEDBACK

Describe any limitations encountered during the audit and any general feedback provided to be shared with the ICGLR Audit Committee. This may include any other noteworthy observation.

10. ANNEX 1: AUDIT CHECKLIST

Attach the completed audit checklist. This includes the Exporter Checklist for the Exporter Audit Activities and the LSM Checklist and/or ASM Checklist for the mine site related activities. Please ensure all confidential and personal security information is removed or redacted.

ANNEX K: ICGLR REGIONAL CERTIFICATION MECHANISM EXPORTER AUDIT SUMMARY REPORT

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

ENTER EXPORTER NAME

ENTER COUNTRY

ENTER DATE REPORT FINALIZED

FINAL EXPORTER STATUS

Choose Status

1. INTRODUCTION

The introduction should include the following points:

- a. Audit objective (reference to the Regional Initiative, ICGLR Regional Certification Mechanism Manual (RCM)).

- b. Auditee
 - General information
 - Business information, including the type of mines sourced from (LSM and/or ASM).
- c. Auditor
 - Audit Firm
 - Lead Auditor

2. AUDIT SCOPE

- a. Methodology
- b. Provide a short overview of what was reviewed including records, operations, mine sites, and other entities that were part of the audit.

3. AUDIT FINDINGS

- a. Status Tables

Provide a colorimetric status using red, yellow, and green in the pull down demonstrating the status of the exporter’s conformance, Status Table 1 and the Supply Chain Actors used by the exporter, Status Table 2 to the RCM requirements.

TABLE K.1: STATUS FOR EXPORTER

| Status Criteria | Status | Item |
|------------------------|---------------|---|
| Conflict Red Status | Choose Status | 1. Non-state armed groups or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and any upstream actor in the supply chain, up to and including the exporter. |
| | Choose Status | 2. Non-state armed groups or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded up to and including exporter. |
| | Choose Status | 3. Non-state armed groups or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, export companies, or any other upstream actors in the Chain of Custody (CoC) up to and including the Exporter. |

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| Status Criteria | Status | Item |
|--|---------------|--|
| Conflict Yellow Status | Choose Status | 1. Public or private security forces or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and any upstream actor in the exporter's supply chain. |
| | Choose Status | 2. Public or private security forces or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, Exporters, or any other upstream actors in the exporter's CoC. |
| | Choose Status | 3. Public or private security forces or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded in the exporter's supply chain. |
| Human Rights Red Status | Choose Status | 1. Children below the minimum working age, as defined in that Member State, are employed at the mine site or the worst forms of child labour, as defined by the ILO, are present at the mine site or in the exporter's supply chain. |
| | Choose Status | 2. Forced labour is practiced in the exporter's supply chain, or workers are required to work for no compensation; workers are required on certain days of the week to surrender the fruits of their labour to a third-party. |
| | Choose Status | 3. Any forms of torture, cruel, inhumane, and degrading treatment are practiced or identified in the Exporter's supply chain. |
| | Choose Status | 4. Other gross human rights violations and abuses such as widespread sexual violence are practiced or identified as associated with the exporter's activities. |
| | Choose Status | 5. War crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide are associated with the exporter. |
| Formality & Transparency Red Status | Choose Status | 1. Payments are made to illegal or criminal organizations by any of the supply chain actors in the exporter's supply chain. |
| | Choose Status | 2. Payments are made to political parties or political organizations, in contravention of a Member State's laws by any of the supply chain actors in the exporter's supply chain. |
| | Choose Status | 3. Designated Minerals sourced in a Not Valid (Red) mine site are entering into the exporter's supply chain or being mixed with Designated Minerals produced in a clean supply chain. |

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| Status Criteria | Status | Item |
|---|---------------|--|
| Formality & Transparency Yellow Status | Choose Status | 1. Mineral shipments exit the mine without having been registered or recorded by a CoC system that can track the minerals from mine site through the exporter's supply chain. |
| | Choose Status | 2. Government officials (mine officials, secret service, municipal or provincial governments, military units, etc.) extract significant taxation or other payments that are disproportionate to any service provided from supply chain actors in the exporter's supply chain in a manner not authorized by the Member State's mineral code or mineral regulations. |
| | Choose Status | 3. Material from another unknown source is entering into the exporter's supply chain. |
| | Choose Status | 4. Any supply chain actor in the exporter's supply chain, offers, promises, gives, or demands bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees, and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport, and export. |
| | Choose Status | 5. Any supply chain actor in the exporter's supply chain does not pay taxes, fees, and royalties related to mineral extraction, trade, and export from conflict-affected and high-risk areas (CAHRAs) to governments and fails to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI). |
| | Choose Status | 6. Any supply chain actor in the exporter's supply chain refuses to allow Analytical Mineral Determination (AMD) sampling to be conducted by the ICGLR or Member State. |

TABLE K.2: STATUS FOR SUPPLY CHAIN ACTORS

| Status Criteria | Status | Item |
|--|---------------|---|
| Conflict Red Status | Choose Status | 1. Non-state armed groups or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and any upstream actor in the supply chain. |
| | Choose Status | 2. Non-state armed groups or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded. |
| | Choose Status | 3. Non-state armed groups or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, export companies, or any other upstream actors in the CoC. |
| Conflict Yellow Status | Choose Status | 1. Public or private security forces or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and any upstream actor in the supply chain. |
| | Choose Status | 2. Public or private security forces or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, exporters, or any other upstream actors in the CoC. |
| | Choose Status | 3. Public or private security forces or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded. |
| Human Rights Red Status | Choose Status | 1. Children below the minimum working age, as defined in that Member State, are employed at the mine site or the worst forms of child labour, as defined by the ILO, are present at the mine site. Where a Member State has not defined a minimum working age, the standard of the International Labour Organisation (ILO) shall be used. |
| | Choose Status | 2. Forced labour is practiced at the mine site; workers are required to work for no compensation; workers are required on certain days of the week to surrender the fruits of their labour to the mine site boss. |
| | Choose Status | 3. Any forms of torture, cruel, inhuman, and degrading treatment are practiced or identified at the mine site. |
| | Choose Status | 4. Other gross human rights violations and abuses such as widespread sexual violence are practiced or identified as associated with the mining activities. |
| | Choose Status | 5. War crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide are associated with the exporter. |
| Formality & Transparency Red Status | Choose Status | 1. Payments are made by the mine site owner or operator to illegal or criminal organizations. |
| | Choose Status | 2. Government Payments are made by the mine site owner or operator to political organizations, in contravention of a Member State's laws. |
| | Choose Status | 3. Designated Minerals sourced in a Not Valid (Red) mine site are entering into the mine site or being mixed with Designated Minerals produced at the mine site. |

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Formality & Transparency Yellow Status

| | |
|---------------|---|
| Choose Status | 4. Industrial Mine Only - Mineral shipments exit the mine site without having been registered or recorded by a CoC System that can track the minerals to their next destination beyond the mine site. |
| Choose Status | 5. Industrial Mine Only - The mine site is not registered with the Member State mining authorities and/or is not in conformity with all Member State laws and regulations regarding mineral title. |
| Choose Status | 1. Mineral shipments exit the mine without having been registered or recorded by a CoC system that can track the minerals to their next destination beyond the mine site. |
| Choose Status | 2. Government officials (mine officials, secret service, municipal or provincial governments, military units, etc.) extract significant taxation or other payments that are disproportionate to any service provided from the workers or productions of a mine site, in a manner not authorized by the Member State's mineral code or mineral regulations. |
| Choose Status | 3. Material from another unknown mine site is entering into the mine site or being mixed with the material. |
| Choose Status | 4. Mine site owner, mine site operators, intermediaries, traders, exporters, or any other upstream actors in the CoC and operating on the mine site offers, promises, gives, or demands bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees, and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport, and export. ¹¹ |
| Choose Status | 5. Mine site owner, mine site operators, intermediaries, traders, exporters, or any other upstream actors in the CoC and operating on the mine site, does not pay all taxes, fees, and royalties related to mineral extraction, trade, and export from conflict-affected and high-risk areas (CAHRAs) to governments and fail to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI). |
| Choose Status | 6. The mine owner or operator refuses to allow Analytical Mineral Determination (AMD) sampling to be conducted by the ICGLR or Member State. |

¹¹ See OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997); and the United Nations Convention Against Corruption (2004)

TABLE K.3: STATUS SUMMARY OF NON-CONFORMANCE FINDINGS

| SUMMARY OF NON-CONFORMANCES | | | |
|-----------------------------|------------------|--------------------------|---------------------------------------|
| Finding | Status Criteria: | Status Criteria Finding: | Auditee's Proposed Corrective Action: |
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |

Add additional rows as needed.

4. AUDIT CONCLUSION

Provide a statement on the degree to which the audit criteria have been fulfilled. The statement must be clear and supported by sufficient evidence. This includes an Exporter Status Level (Green, Yellow, or Red) based on the findings. If there is a Red finding in the exporter section, then the exporter is classified as Red (see tables below for proper status determination). Additionally, it may be appropriate to include a statement highlighting a best practice or program that is well run and would be good to share or be replicated by others.

If this is an Exporter's first audit since the implementation of the Second Edition RCM, the following statement should be included:

This was EXPORTER NAME first Exporter Audit under the revised RCM that included a review of the Exporter's Due Diligence Management Systems process and their alignment with the RCM Manual and OECD Due Diligence Guidance. The Management Systems elements are evaluated separately and are not included in the overall Status Criteria rating. However, if there are deficiencies identified in the Management System, these deficiencies are documented, and a corrective action plan is put in place to allow for continuous improvement. The exporter will have to report quarterly to the ICGLR on the status of the corrective actions until they are closed. The reason for this approach is due to the limited capacity of exporters to implement a comprehensive management system as required by the RCM and to allow for continuous improvement to occur as they build and implement their program.

In the case of EXPORTER NAME there were a number of items regarding their Management Systems that were identified and are part of a corrective action program. None of the Management Systems items identified were indicative of a failed Due Diligence system, but issues to strengthen the overall program and better align it with the OECD Due Diligence Guidance. (This paragraph can be removed or edited if there were no issues identified.)

ANNEX L: THIRD-PARTY AUDIT REPORT REVIEW CHECKLIST

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

EXPORTER NAME

AUDIT DATE

AUDIT FIRM

AUDIT COMMITTEE MEMBER

1. INTRODUCTION

This document is to be used by Audit Committee members when reviewing a Third-Party Audit Report of an exporter. Please complete the information on the cover page. In the table below please put an X in the appropriate box (Yes, No, or Needs Improvement (NI*)) to indicate if the audit report included the specified information. For any responses that were No or NI*, provide a comment as to why and a proposed recommendation to address the deficiency. Please make sure to provide enough information so that the auditor can identify the issue in the report (i.e. page number, section, specific language, etc.). Return the completed Review Checklist to the ICGLR Technical Unit.

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The ICGLR Technical Unit will compile the feedback from all Audit Committee Members and share the aggregated information with the Auditor.

TABLE L.1: ICGLR THIRD PARTY AUDIT – REPORT REVIEW CHECKLIST AND FEEDBACK

| Basic audit information is included: | Yes | No | NI* | Comment | Recommendation |
|---|-----|----|-----|---------|----------------|
| Exporter name | | | | | |
| Audit report date | | | | | |
| Audit firm | | | | | |
| Audit type (initial, annual, corrective action) | | | | | |
| Audit report revision number and date | | | | | |
| Draft report sent to the auditee | | | | | |
| Report Content: | Yes | No | NI | Comment | Recommendation |
| Broad objectives are indicated. | | | | | |
| Specific audit objectives are indicated. | | | | | |
| Audit Scope is clearly defined and described (audit period, materials audited, supply chain operations covered) | | | | | |
| Opening and Closing Meeting are described | | | | | |
| Audit client is identified. | | | | | |
| Audit team and observers of the auditee are identified. | | | | | |
| Date and location of audit activities are described. | | | | | |
| Audit criteria are clearly identified in a tabular format | | | | | |
| Consideration and review of status criteria. | | | | | |
| Any other content required by the ICGLR Audit Committee has been included in the report (for example, related to red fstatus, issues of concern, etc.). | | | | | |
| Audit Findings: | Yes | No | NI | Comment | Recommendation |

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Basic audit information is included: **Yes** **No** **NI*** **Comment** **Recommendation**

Each finding is clearly linked to an audit criterion.

The sampling strategy is explained if 100% of records and interviewee population are not reviewed.

The number and percentage of records and interviewees are stated.

Each finding is supported by at least two types of evidence or, where only one type of evidence is available, two independent sources.

Evidence provided is sufficient (quantitative and qualitative) to justify the level of non-conformance (red/yellow/green status).

For each finding, the auditor clearly described:

What

When

Where

Who

Why

Audit Conclusion: **Yes** **No** **NI** **Comment** **Recommendation**

Audit Conclusion is supported by sufficient evidence.

The conclusion is clearly stated.

The audit conclusion is in accordance with the reported findings.

A statement is provided on the level of conformance of the auditee's systems, processes, and practices with the audit criteria.

Audit Language: **Yes** **No** **NI** **Comment** **Recommendation**

The audit report is factually correct.

There are no inconsistencies within the report.

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Basic audit information is included: **Yes** **No** **NI*** **Comment** **Recommendation**

The language used is objective, factual, and strictly limited to the audit scope.

The language used is grammatically correct.

| | | | | | |
|--|-----|----|----|---------|----------------|
| The Audit Report Presents a Complete, Accurate, Concise, and Clear Record of the Audit | Yes | No | NI | Comment | Recommendation |
|--|-----|----|----|---------|----------------|

| | | | | | |
|---|-----|----|----|---------|----------------|
| Confidential Business Information and Personal Security-Related Information Protected | Yes | No | NI | Comment | Recommendation |
|---|-----|----|----|---------|----------------|

Additional Comments of the Audit Committee

Comment 1

Comment 2

Add additional lines as necessary.

Conclusion – Please indicate if you agree or disagree with the final Status assessed by the auditor. If there is disagreement, please indicate the reason.

ANNEX M: THIRD-PARTY AUDIT SCORING CRITERIA

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
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ICGLR RCM EXPORTER AUDIT SCORING CRITERIA

Purpose: The purpose of this document is to outline the criteria for scoring an ICGLR RCM Exporter Audit. With the revised RCM and the switch to management systems audits in line with the OECD, there is a need to develop scoring criteria for the Management Systems section and how that affects the overall audit conclusion. The ICGLR Exporter Status Criteria are aligned with the risks identified in the OECD Due Diligence Guidance Annex II and when identified will lead to a Red or Yellow Status for the exporter or a Mine Site. The Management System scoring will indicate the level of conformance to OECD Steps 1 to 5, not an identification of OECD Annex II risks. Therefore, the following will outline how the final Exporter Status will be determined and how the Management System section will impact the overall result.

Responsibility: It is up to the Auditor to make a recommendation for the Status of the exporter based on their findings. It is up to the Audit Committee to make the final decision on the Exporter Status that will be included in the final report.

Determination of Exporter Status: The Exporter Status will be determined based on the identification of either Red or Yellow Status criteria being identified in the Conflict, Human Rights or Formality/Transparency sections (see tables 1 and 2 below).

TABLE M.1: EXPORTER STATUS

| Exporter Findings* | Exporter Status |
|--|-----------------|
| Any Red Status findings | Red |
| Any Yellow Status findings with no Red Status findings | Yellow |
| All Green Status findings | Green |

*Exporter findings will be impacted by supply chain actors' findings per the table below.

TABLE M.2: EXPORTER STATUS BASED ON SUPPLY CHAIN ACTORS

| Supply Chain Actor Status Finding | Exporter Situation | Exporter Status |
|-----------------------------------|--|--|
| Red | Exporter was aware of a red status situation and continues to source from supply chain actor. | Exporter’s Status Criteria for Management System #3 is now Red for failure to mitigate identified risks. |
| Red | Exporter immediately suspends or discontinues engagement with the supply chain actor. | Exporter Status Criteria for Management System #2 is now Yellow for failure to identify risks. |
| Yellow | Exporter was aware of the issue and the supply chain actor was implementing mitigation measures within the 6-month time frame. | Green |
| Yellow | Newly identified issue: Exporter will develop a risk mitigation plan. | Exporter Status Criteria for Management System #2 is now Yellow for failure to identify risks. |
| Yellow | Exporter was aware of a yellow status issue and the supply chain actor was not implementing mitigation measures. | Exporters Status Criteria for Management System #3 is now yellow for failure to mitigate identified risks. |

The Yellow Status criteria associated with the Management Systems Section will not affect the overall status rating of the exporter. For the exporter’s first audit under the Second Edition RCM, the Management Systems section will not be scored. If there are deficiencies identified in the Management System, these deficiencies are identified as Improvement Opportunities. A corrective action plan is put in place to allow for continuous improvement of Management Systems Issues identified. The exporter will have to report quarterly to the ICGLR on the status of the corrective actions until they are closed. The reason for this approach is due to the limited capacity of exporters to implement a comprehensive management system as required by the RCM 2nd Edition and to allow for continuous improvement to occur as they build and implement their program.

Evaluating the Management Systems Sections: The Management Systems section will not be scored for first time audits. For all other audits and in line with the OECD Alignment Assessment criteria, for Exporter Audits Management Systems, the following scale should be used to determine level of conformance for each of the elements:

Green – CONFORMANCE: Voluntary adherence to a standard, specification, requirement, design, process or practice.

Yellow – MINOR NON-CONFORMANCE: Based on objective evidence, the failure to implement and/or maintain conformance to the Requirements and that also represents a minor issue that could lead to a major non-conformance if not addressed.

Red – MAJOR NON-CONFORMANCE: Based on objective evidence, the absence of, or a significant failure to implement and/or maintain conformance to the Requirements.

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For the overall scoring of the Management System:

Green – Less than 20% of the applicable criteria have Major (Red) and/or Minor (Yellow) non-conformance

Yellow - 20% or more of applicable criteria have Major (Red) and/or Minor (Yellow) non-conformance

Red – Not applicable for first time audits. For second audits Red Status would be if no measurable improvement is made from the first audit.

All Major (Red) and/or Minor (Yellow) non-conformance items will require a Corrective Action Plan (CAP) by the exporter. The exporter will report quarterly to the ICGLR AC on the status of the CAP using the format and tools developed by the Audit Committee. For the second audit (not a follow-up audit to address Yellow Status issues in the Conflict, Human Rights or Formality/Transparency sections). If the exporter has an overall rating of Red for Management Systems for failure to demonstrate measurable improvement, it will be up to the Audit Committee to decide if that will affect the overall Exporter Status by one level. If the Status based on ICGLR RCM criteria is Green, but Management System is red, the ICGLR AC may at its' discretion change the Status of the exporter to Yellow.

ANNEX N: CORRECTIVE ACTION PLAN (CAP) TEMPLATE ICGLR THIRD PARTY AUDIT

REVISION HISTORY

| Record | Location | Retained for | Maintained By |
|--------|----------|--------------|---------------|
| | | | |
| | | | |

1. CAP TEMPLATE INSTRUCTIONS:

Once the ICGLR Exporter Audit report is finalized the Audit Committee will complete Section 1 of the CAP template for each audit item identified. These audit items may be Red or Yellow Status non-conformances findings or Management Systems System Improvements findings. This should be done within one week of the Final Audit Report being issued and sent to the exporter by the ICGLR Technical Unit.

The exporter is required to complete Section 2 upon receipt of the template from the ICGLR within two of receipt from the ICGLR. The Exporter is then required to submit quarterly updates until all the issues have been closed out. The updates should be sent to the ICGLR Technical Unit.

Once an issue has been determined to be closed by the exporter the Audit Committee will review the evidence provided by the exporter and determine if the issue has been resolved and complete Section 3. The Audit Committee determination will be communicated to the exporter one week after the final determination is made.

2. CAP TEMPLATE

TABLE N.1: ICGLR EXPORTER THIRD-PART AUDIT CORRECTIVE ACTION PLAN

| ICGLR Exporter Third-Part Audit Corrective Action Plan | | | | | | | | | | | | | | |
|--|--------------|--|-----------------|--------------------|--------------------------------|---------------------------------------|-----------------------|--------------------|---|---|-----------------------|--------------------------------------|--|--|
| Company Name | | | | | | | | | | | | | | |
| Current assessment Period | | | | | | | | | | | | | | |
| CAP Review Date 1 | | | | | | | | | | | | | | |
| CAP Review Date 2 | | | | | | | | | | | | | | |
| Section 1: To be completed by Audit Committee | | | | | | Section 2: To be completed by Auditee | | | | Section 3: To be completed by Audit Committee | | | | |
| Issue # | Finding Type | Description of Findings (Inc. Non-conform, System Improvement) | Finding Summary | Standard Reference | Suggested Improvement Measures | Corrective and/or Preventive Action | Due Date (mm/dd/yyyy) | Responsible Person | Documented Evidence (please describe document name/number for each document provided that addresses the issued non-conformance) | Corrective Action Completed (dropdown) | Verification Comments | Status of Non-conformance (Dropdown) | | |
| | | | | | | | | | | | | | | |