



RESPONSIBLE SOURCING TOOL

Mining
Sector |
Tool 1

PROTECTIONS AGAINST TRAFFICKING IN PERSONS:

Sample Mining Sector Supply Chain Due Diligence Program

This document provides an overview of the processes a company could implement to: a) identify potential risks of human trafficking, including forced labor,¹ within its supply chains; b) evaluate and prioritize identified risks; c) implement enduring solutions; and d) monitor supplier performance over time.

It is the fundamental systems approach to due diligence described by the UN Guiding Principles on Business and Human Rights² and the OECD Due Diligence Guidance for Responsible Business Conduct.³

The specific processes a company needs to put in place will depend on the size and complexity of the company's supply chain and its inherent risks, and particular legal or other obligations that may apply. Companies may want to manage the processes entirely in-house or may choose to outsource some (e.g., risk assessment, audits) or all processes to specialized third parties.

This document provides a description of principles and a recommended process to follow for conducting due diligence and does not attempt to ensure compliance with any applicable legal requirements, such as Section 307 of the Tariff Act,⁴ the Uyghur Forced Labor Prevention Act (UFLPA),⁵ Section 1502 (Conflict Minerals) of the Dodd-Frank Act,⁶ the EU Conflict Minerals Regulation,⁷ the Buy American Act (BAA),⁸ the Build America, Buy America Act (BABA),⁹ and the

¹ Note: The United States recognizes two primary forms of trafficking in persons: forced labor and sex trafficking. For the purposes of this and other tools in the set, several terms are used such as "trafficking in persons," "human trafficking," and "forced labor." In relation to these tools, they refer to a crime whereby traffickers exploit and profit at the expense of adults or children by compelling them to perform labor.

² *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy."* United Nations Global Compact. 2011.

³ "Due Diligence Guidance for Responsible Business Conduct." Organisation for Economic Co-operation and Development.

⁴ Tariff Act of 1930 (19 U.S.C § 1307).

⁵ U.S. Customs and Border Protection. "Uyghur Forced Labor Prevention Act."

⁶ U.S. Securities and Exchange Commission. "Fact Sheet: Disclosing the Use of Conflict Minerals." June 28, 2024.

⁷ European Commission. "Conflict Minerals Regulation: The regulation explained." 2021.

⁸ Congress.gov. "H.R.3684 – Infrastructure Investment and Jobs Act." 2021.

Made in America Office. *What Is Build America, Buy America?* 2022.

⁹ Congress.gov. "The Buy American Act and Other Federal Procurement Domestic Content Restrictions." 2022.

Federal Acquisition Regulation (FAR): Combating Trafficking in Persons,¹⁰ nor legal requirements outside of the United States.

Compliance with these specific legal requirements must be an integral part of the due diligence process for companies in the mining industry and for companies that buy ore and metals, or raw materials and products containing metals. There is an increasing regulatory focus on the need to verify that the raw materials in a company's products were not produced or manufactured using forced labor. For example, companies in all sectors need to have effective due diligence processes in place to ensure the prevention of forced labor in the products and materials they source, including from China as required by the UFLPA.

The sample Supply Chain Due Diligence Program provided below includes four attachments: Definition of Terms, Sample Mining Industry Supply Chain Due Diligence Process Flow, Sample Supplier Agreement, and Sample Considerations for Auditing for Forced Labor.

NOTE: "Supplier" is defined as any entity that directly or indirectly provides goods, materials, and/or services to the company at any supply chain tier and any dollar value. This includes services and materials suppliers, contractors, subcontractors, sourcing agents, labor recruiters, and labor agents.¹¹

1. Introduction and Scope

The Company's customers and other stakeholders have an expectation that the products and services procured by the business are fairly and ethically sourced, and that human trafficking, including forced labor and other labor abuses, are not present in its supply chains. Having a robust approach for evaluating and verifying supplier human rights practices and performance will:

- effectively prevent and mitigate risks and harms to workers in the Company's supply chains;

¹⁰ For guidance on complying with the Federal Acquisition Regulation (FAR): Combating Trafficking in Persons, please review Tool 12, RST's Sample Compliance Plan Template.

¹¹ Note: The combination of services provided by third parties to find, place, and/or directly contract labor to work in company owned or supplier operations are varied, as are the terms used by different industry sectors and standards organizations to describe the providers. These include labor agents, recruiters, recruitment agents, sub-agents, labor providers, private employment agencies (PEAs), staffing agents, manpower agents, brokers, contractors, crew leaders, and gangmasters. For the purposes of these tools, "labor agent" is generally used as the umbrella term, with "recruitment agent" used as a subset.

- help ensure compliance with all applicable human rights laws, regulatory requirements, and customer requirements, including those addressing human trafficking, including forced labor;
- provide transparency for customers, partners, the public, and other stakeholders;
- ensure the Company's Supplier Code of Conduct requirements are upheld; and
- protect the Company's brand and reputation.

This supply chain due diligence program applies to all Company business activities and provides the framework to verify that suppliers are conforming to both the Company's Supplier Code of Conduct standards and applicable legal requirements.

This document should be read in conjunction with Attachment 2, Supply Chain Due Diligence Process Flowchart, and the Company Supplier Code of Conduct.

Who is this tool for?

In the mining sector, the companies creating a supply chain due diligence process are typically:

- the mining company (i.e., a company that operates open pit, underground or alluvial mining operations and may do initial processing or beneficiation of extracted minerals at the mine site);
- mineral ore traders, who buy ore from mining companies (or other traders) and sell it to refiners, smelters, and manufacturers; and
- buyers of ore and metals.

Note: the term "Company" is used throughout this document whenever referring to entities in the three categories listed above.

The Company strives to deliver quality products and services to our customers, but not at the expense of the welfare of workers anywhere in our supply chain. The Company will therefore:

- seek to ensure that products, materials, and services are sourced from suppliers and business partners that share the Company's commitments to worker welfare and eradicate all forms of forced labor in their operations and supply chains;
- establish a consistent process for communicating and engaging with suppliers to ensure they meet or exceed minimum Supplier Code of Conduct requirements and legal standards;
- define internal Company roles and responsibilities and accountabilities for supply chain due diligence;
- embed human rights in Company procurement processes and practices;
- enable the Company to achieve its supply chain human rights objectives and targets;
- implement control procedures to prevent and mitigate supply chain human rights risks and harms;
- provide training and capacity building for relevant Company staff and suppliers on effective implementation of risk controls;
- routinely monitor the human rights performance of suppliers; and
- establish a transparent process for reporting the Company's supply chain human rights risks and progress towards achieving conformance with the Supplier Code of Conduct and legal requirements.

3. Implementation

A. General Obligations

Senior management shall ensure that responsibilities are assigned to a Company human rights lead and/or team, and processes and programs are planned and implemented to ensure:

- i. all existing and new suppliers are identified and formally declare that they will comply with the Supplier Code of Conduct and all applicable legal requirements (Attachment 3). This will be incorporated into the approval and sign-off process for new suppliers;

- ii. new and existing suppliers, including labor agents, go through risk screening (type of goods or services provided, source country, country of operation, etc.) to identify potential forced labor and other human rights risks and harms;
- iii. where screening identifies potential human rights risks, those suppliers complete and submit self-assessments using the Company Supplier Self-Assessment Questionnaire;
- iv. suppliers whose self-assessment findings confirm the presence of human rights risks will undergo an on-site assessment (audit) and remediate all identified serious human rights risks and management system nonconformances before:
 - a. approval to become a supplier to the Company;
 - b. renewal of existing contracts; or
 - c. placing new orders.
- v. the Company monitors supplier human rights performance on an ongoing basis and works cooperatively with them to ensure that they meet applicable legal requirements and the ethical workplace standards set out in the Supplier Code of Conduct and that any noncompliances identified during the term of the contract are immediately and effectively addressed.

Attachment 2 provides a visual overview of the Supply Chain Due Diligence Process.

B. Supply Chain Mapping

As the most serious risks of forced labor typically exist at the farthest upstream tiers of the supply chain, the Company will strive to completely map its supply chains to the origin level for labor, goods, and materials.

The <Position Title/Company Team> is responsible for mapping the Company's labor and materials supply chains by working with its direct suppliers to identify all manufacturers, labor agents, distributors, raw materials producers, and other supply chain entities, with the objective of determining the nature, scope, and scale of the supply of labor, goods, and services broken out by:

- Type of product, raw material, labor, or service

- Supplier location(s), both headquarters and operations
- Source countries of goods, raw materials, and composite materials
- Worker origin countries
- Contractual relationship (i.e., sourced via a third party; direct from a production site; service provider)
- Contract value (revenue, duration, etc.)

Mining Sector Mapping Considerations

In addition to being able to identify all the actors in their supply chains, companies who buy ores and metals, and products containing metals, must be able to trace those materials to their source. This level of traceability is needed to verify that the purchase of 3TG minerals (tungsten, tantalum, tin and gold) did not finance armed groups, fuel forced labor and other human rights abuses, and support corruption and money laundering (Dodd-Frank Act and EU Conflict Minerals Regulation). Companies that purchase 3TG minerals are encouraged to refer to the guidance and resources provided by the Responsible Minerals Initiative on effective conflict minerals due diligence.¹²

C. Contracts and Supplier Declarations

Compliance with the requirements of the Supplier Code of Conduct and with all applicable human trafficking, including forced labor, and human rights laws and regulations will be incorporated into both new and existing supplier contracts and purchase agreements.¹³

¹² "Minerals Due Diligence." Responsible Minerals Initiative.

¹³ [Balancing Buyer and Supplier Responsibilities: Model Contract Clauses to Protect Workers in International Supply Chains. American Bar Association. 2021.](#)

All suppliers are required to sign a declaration (see Attachment 3: Sample Supplier Agreement) as evidence of their commitment to comply with the Supplier Code of Conduct, contract terms and conditions, and legal requirements as follows:

- All new suppliers are required to confirm their commitment to compliance as part of the contracting process.
- All existing suppliers are required to confirm their compliance commitment prior to contract renewal or new orders being placed.

D. Supplier Prioritization

Using the results of the supply chain mapping, the <Position Title> is responsible for identifying suppliers with potential forced labor risks using the following two-stage prioritization process:

i. Risk Screening

This is a high-level assessment of the potential risk presented by a supplier based on the supplier's location, product or service, contract size, and other indicators of risk.

- All existing and new suppliers are required to disclose information about the location and nature of their operations, operating sites and material sourcing countries to support risk screening.
 - Risk screening will be completed for each current and prospective supplier and subcontractor in order to identify those with potential human rights risks.
 - Recruitment agents will be screened using the Company Recruitment Agent Screening and Evaluation Tool (see Tool 7: Criteria for Screening and Evaluating Recruitment Agents).
 - Suppliers of raw and composite materials will be screened using the Design for Freedom Supplier Questionnaire.¹⁴
- The <Position title> is responsible for maintaining a risk-ranked supplier listing and record of the

¹⁴ "Self-Assessment Questionnaire." Design for Freedom, Grace Farms Foundation.

potential risks identified for each supplier of products, materials, labor and services.

- Suppliers with low potential human rights and forced labor risks should be re-evaluated at least every two years to determine if changes in operations, sourcing countries, operating locations or contract value have increased the potential risk presented by the supplier.
- Moderate and high-risk suppliers and labor agents will be required to complete the Company Supplier Self-Assessment Questionnaire (SAQ).

ii. Self-Assessment Questionnaire (SAQ)

The Supplier SAQ looks at business processes, such as worker recruitment and hiring practices, to identify process gaps that could lead to human rights issues, including forced labor.

- Suppliers identified as moderate or high-risk for forced labor or other human rights risks based on the results of risk screening described above are required to complete the Supplier SAQ.
 - a. Prospective suppliers will complete the SAQ prior to approval as a Company supplier.
 - b. Current suppliers are required to complete the SAQ within 30 days of receiving a request to do so.
 - c. Suppliers that decline to complete the self-assessment will be rated as high-risk and will not be eligible to become a Company supplier, renew their contract, or receive new orders until the SAQ is completed.
- The <Position Title/Company Team> will review the completed questionnaires with the supplier to ensure the responses are accurate and to request supporting information, as needed.
- Based on the Self-Assessment results, the <Position title> will:
 - a. rank suppliers in order of risk potential;
 - b. require those suppliers ranked as High and Moderate risk to undergo an on-site audit; and
 - c. re-evaluate all low-risk suppliers and sites every two years to determine if there have been

any changes in the supplier's operation(s) that could increase its risk score.

The Mining Sector and UFLPA Compliance

The UFLPA (Public Law No. 117-78) established a rebuttable presumption that goods mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region (XUAR) of China or by an entity on the UFLPA Entity List are subject to import prohibitions under Section 307 of the Tariff Act of 1930 (19 U.S.C. 1307). U.S. Customs and Border Protection enforces these provisions.

As China is the origin source for many types of metals used by companies across industry sectors (e.g., magnesium, titanium, polysilicon), companies should consider adding specific questions to those in Tool 8 to understand the due diligence performed by their suppliers to ensure none of the materials and products sourced from China are mined or produced in contravention of the law.

E. Supplier Human Rights Audits

Current and potential suppliers that have been rated as high or moderate risk based on the Supplier Self-Assessment will undergo an on-site human rights audit to objectively evaluate the effectiveness of the supplier's control of human rights risks, including forced labor.

i. Initial (baseline) audits will be performed according to the following timeframe:

- Moderate and high-risk prospective suppliers: prior to contracting;
- High-risk current suppliers: within 30 days;
- Moderate-risk current suppliers: prior to contract renewal or placing of new orders; and
- Suppliers may provide reports of recent audits (less than one year old) and status of corrective actions in lieu of a new audit.

- Unless otherwise agreed, the Company will only accept human rights audits that meet its minimum audit process requirements, including the considerations for auditing for forced labor, provided in Attachment 4.
- ii. Audits must be completed by a competent third-party auditor or audit firm approved by the Company.
- iii. As a general principle, suppliers should be expected to pay all reasonable costs associated with audits. The Company may on a case-by-case basis choose to share audit costs with the supplier or in certain cases pay for all costs associated with the audit. In all cases the supplier is responsible for the costs associated with correcting identified issues.
- iv. The <Position title> may, at his/her discretion, rely on information contained in existing audits provided by the supplier if they:
 - have been completed to equivalent standards by a competent party following the considerations for auditing for forced labor provided in Attachment 4;
 - are no more than one year old; and
 - include the verified status of corrective actions.

F. Audit Findings and Follow-up

The <Position title> is responsible for ensuring that any Code nonconformance and legal noncompliance identified by the auditor(s) are effectively addressed in a timely manner. The process for audit reporting and implementing corrective and preventive action includes the following elements:

- i. **Egregious Issues.** The auditor will notify the Company <Position title> of any egregious issue (e.g., passport withholding, workers locked in their accommodation, etc.) immediately upon identification. The Company <Position title> will then contact the supplier to ensure that remediation actions are promptly taken, and future risks are effectively prevented.

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- The <Position title> is responsible for promptly notifying the customer Company¹⁵ of the specific nature of the identified issue and the measures and timeframe to address them.
- ii. **Audit Report.** The auditor will submit a written audit report to the Company <Position title> within two weeks after completing the on-site assessment. The report will contain a description of the audited entity (e.g., facility/operation, labor agency), a summary of the audit process, and detailed information and supporting evidence on all findings, compliant and noncompliant. The findings must be described clearly as the report serves as the basis for the supplier's corrective action plan.
- iii. **Corrective Action Plan.** The Company <Position title> will:
 - ensure that the audited supplier submits a Corrective Action Plan to the Company within one month¹⁶ of completion of the on-site audit.
 - review and approve submitted Corrective Action Plans to verify that:
 - a. corrective actions have been taken for any egregious findings (e.g., passport withholding, charging of recruitment fees, etc.);
 - b. all findings are addressed;
 - c. root causes have been identified;
 - d. corrective and remedial actions are appropriate;
 - e. action owners and target completion dates are listed; and
 - f. specific corrective actions directed by the Contracting Officer for federal contracts) are included in the plan.
 - require suppliers to submit monthly status reports to track and follow-up on corrective and

¹⁵ This includes the Contracting Officer and agency Inspector General for U.S. Government contracts.

¹⁶ The Corrective Action Plan for egregious findings, describing the actions to prevent a recurrence of the issues, must be submitted within two weeks of completion of the on-site audit.

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preventive actions;

- remotely verify the closure of corrective actions where possible (e.g., by reviewing documents or photographs provided by the supplier);
- schedule an on-site follow-up audit to verify the closure of any egregious and major findings or to verify corrective actions that can only be evaluated through worker interviews and on-site documentation reviews; and
- ensure that no new contracts or orders are placed until any egregious issues have been independently verified as being effectively addressed (within two weeks of supplier notification of closure).

iv. **Progress Reporting.** The supplier will send monthly progress reports to the Company until all nonconformances have been corrected, evidence of completion has been submitted to the Company <Position title>, and closure of egregious and major issues has been verified by a follow-up audit.

- If any egregious findings are identified during the audit, the first progress report must be submitted no later than 30 days after discovery and should clearly identify how the issue is being addressed, including copies of supporting evidence where appropriate.
- The Company <Position title> will then schedule a follow-up audit at the earliest opportunity to verify closure of the item(s). Closure audits will be performed within 60 days of identification of the egregious finding.
- In the absence of egregious nonconformance, follow-up audits will be performed within one year of the initial audit.

v. **Frequency of Re-audits.** Once remediation of all egregious and major findings has been verified by follow-up audit, the Company <Position title> will arrange for re-audits of the supplier every two years.

- If egregious findings are not satisfactorily addressed by the closure audit, prospective suppliers will not be approved for use and current suppliers will not receive new orders and be eligible for contract renewal and may be subject to contract termination.

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- If major issues remain outstanding after two rounds of follow-up audits have taken place, <Company name> shall evaluate its continued relationship with the supplier.

Note to User: The following two sections, “Notification” and “Certification,” apply specifically to compliance with FAR 52.222-50, Combating Trafficking in Persons. All federal contractors are required to comply with the trafficking in persons prohibitions and notification requirements described below. Certification is required only for those federal contracts described in footnote 14 .

vi. **Notification.** For U.S. Government contracts, the <Company Name and Position Title> will inform the Contracting Officer and the agency Inspector General immediately of:

- audit findings or any credible information from any source indicating that a Company employee, subcontractor (including suppliers), subcontractor employee, (including supplier employees), or their agent has violated the policy requirements of FAR 52.222-50(b), and
- any remedial actions and/or other actions taken against a Company employee, subcontractor, subcontractor employee, or their agent.

vii. **Certification.** Prior to contract award and annually thereafter, the Company will submit a certification¹⁷ to the Contracting Officer that:

- it has implemented a compliance plan to prevent the prohibited activities listed in FAR 52.222-50(b) and to monitor, detect, and, if necessary, terminate any agent, subcontract, or subcontractor employee engaging in prohibited activities; and
- after having conducted due diligence, either
 - ✓ to the best of the Company’s knowledge and belief, neither it nor any of its proposed agents, subcontractors, or their agents is engaged in any such activities; or

¹⁷ Certification is required under 52.222-50(h) and 52.222-56 where contracts are for supplies, other than commercially available off-the-shelf items, acquired outside the United States, or services to be performed outside the United States; and have an estimated value that exceeds USD 550,000.

- ✓ if abuses relating to any of the prohibited activities identified in FAR 52.222-50(b) have been found, the Company or proposed supplier has taken the appropriate remedial and referral actions.

G. Ongoing Performance Monitoring

The <Company Name and Position Title> will:

- i. Work with suppliers and partners to progressively ensure that all suppliers meet or exceed minimum human rights standards set out in the Company's Supplier Code of Conduct, contract terms and conditions, and applicable legal requirements. This includes provision of appropriate training, consultation, and other capacity-building services as required.
- ii. Require suppliers to submit regular performance reports as evidence of their ongoing efforts to ensure conformance with the Company's Supplier Code of Conduct and legal requirements.
 - Performance reports should contain the results of internal/self-audits, summaries of worker grievance reports and their resolution, interviews with new workers on the recruitment process, agreed Key Performance Indicators (KPIs), etc. The specific content of the reports will depend on the supplier's business and identified risks and must be approved by the Company <Position Title>.
 - Supplier reporting and the results of Company audits and assessments will be used to create periodic reports for customers and the public on the Company's due diligence management system, including specifics on reported violations and how they were remediated.
- iii. Set improvement targets for suppliers to achieve when they are re-assessed every two years.

H. Reporting, Assurance, and Escalation

- i. The Company <Position Title> will maintain appropriate records associated with supplier human rights performance. As a minimum, the following will be recorded:
 - Supplier declarations
 - Risk screening results

- Completed Supplier Self-Assessment reports
 - Listing of suppliers prioritized by risk
 - Audit reports and associated Corrective Action Plans and supplier progress reports
 - Follow-up audits and associated evidence of closure
 - Regular supplier performance reports
 - Reports of significant violations of legal and Code of Conduct requirements, including how the issues were remediated
- ii. The Company <Position Title> will track and report internally all progress with the requirements of this Standard in collaboration with other supplier-facing functions.
- iii. Company and supplier compliance with the requirements of the Company's Supplier Code of Conduct and this program will be formally reviewed by Company executive management and to the public on a regular basis, no less than annually.

ATTACHMENT 1: Definition of Terms

Audit: An audit is the process to determine conformance with performance criteria based on gathering and evaluating objective evidence. Audit evidence is used to evaluate how well audit criteria are being met. Audits must be objective, impartial, and independent, and the audit process must be both systematic and documented.

Audit Criteria: Audit criteria include policies, procedures, and requirements. Audit evidence is used to determine how well the audit criteria are being met. Audit evidence is used to determine how effectively policies and procedures are being implemented, and how well requirements are being met.

Audit Evidence: Audit evidence includes records, factual statements, visual observations, and other verifiable information that is related to the audit criteria being used. Audit evidence from at least three independent sources (e.g., documents, observations, interviews) should be triangulated to justify a finding of conformance or nonconformance.

Audit Findings: Audit findings result from a process that evaluates audit evidence and compares it against audit criteria. Audit findings can show that audit criteria are being met (conformity) or that they are not being met (nonconformity). They can also identify improvement opportunities. Audit findings are used to assess the effectiveness of the management system and to identify opportunities for improvement.

Auditor: An auditor is a person who collects evidence in order to evaluate how well an auditee's risk management systems meet <insert company name> Supplier Code of Conduct requirements. Auditors are expected to determine whether management systems comply with standards and other planned arrangements. They must also be able to determine whether management systems are properly implemented and maintained—and they must be able to do all of this while being independent, objective, impartial, and competent.

Audit Scope: The audit scope specifies the focus, extent, and boundary of a particular audit. The audit scope is generally defined by specifying the physical location of the audit, the organizational units that will be examined, the processes and activities that will be included, and the time-period that will be covered.

Conformance: Conformance means to meet or comply with requirements. There are many types of requirements. There are company requirements, customer requirements, product requirements, management requirements, legal requirements, and so on. When an organization meets a requirement, you can say that it conforms to that requirement.

Continual Improvement: Continual improvement is a set of activities that an organization carries out in order to enhance its ability to meet requirements. Continual improvements can be achieved by carrying out audits, self-assessments, management reviews, and benchmarking projects. Continual improvements can also be realized by collecting data, analyzing information, setting objectives, and implementing corrective and preventive actions.

Corrective Action: Corrective actions are steps that are taken to remove the causes of an existing nonconformity or undesirable situation. The corrective action process is designed to prevent the recurrence of nonconformities or undesirable situations. It tries to make sure that existing nonconformities and situations do not happen again. It tries to prevent recurrence by eliminating causes.

Egregious Finding: Egregious findings represent intolerable abuses of worker rights and freedoms and require immediate escalation by auditors. Egregious findings confirm the presence of practices or conditions, such as passport withholding or serious restrictions to freedom of movement (e.g. workers locked in accommodation). Some Codes of Conduct refer to these as “zero tolerance” or “critical” issues.

Human Trafficking: The Trafficking Victims Protection Act of 2000, as amended, and the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime (the Palermo Protocol) define human trafficking as “The recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage or slavery.”¹⁸

Key Performance Indicator (KPI): KPIs are a measurable category of performance. KPIs are used to quantify and evaluate organizational success, set measurable objectives, evaluate progress, monitor trends, make improvements, and support decision making. KPIs should be quantifiable and appropriate and should collect information that is useful to the organization and relevant to the needs and expectations of interested parties. Examples of KPIs include: employee turnover rate, average hours worked per week, average time to closure of nonconformities, lost workday case rate, employee satisfaction survey score, and energy costs per unit of production.

Major Finding: A major finding is a significant failure in the management system—one that affects the ability of the system to produce the desired results. It may also be caused by failure to implement an established process or

¹⁸ For more information on federal legal definitions of trafficking in the U.S., see ["Understanding Human Trafficking," U.S. Department of State, Office to Monitor and Combat Trafficking in Persons.](#)

procedure, or if the process or procedure is totally ineffective. For example, the failure of an organization to monitor its labor recruiter's Code conformance or compliance to applicable laws and regulations is a major finding.

Management System: A management system is a set of interrelated or interacting elements that organizations use to implement policy and achieve objectives. Most human rights issues can be traced back to gaps or failures in a company's business management system and processes.

Minor Finding: A minor finding is a finding that by itself doesn't indicate a systemic problem with the management system. It is typically an isolated or random incident. Examples are: an internal audit with an overdue corrective action request pending and a procedure that has not been revised to reflect a change in regulations.

Objective Evidence: Objective evidence is data that shows or proves that something exists or is true. Objective evidence can be collected by performing observations, measurements, tests, or by using any other suitable method.

Overtime Hours: Overtime hours are paid work hours that are in addition to the standard number of work hours per day or week specified by local or country law. Some laws define overtime as any time beyond the standard number of work hours per day, while others consider overtime to be only the number of work hours that exceed the standard number of work hours per week. Workers must be paid at a premium for overtime work.

Policy: A policy is the statement of top management's commitment to respecting human rights, ethical sourcing, etc. Policies should be used to generate objectives and should serve as a general framework for action. Policies can be based on the Supplier Code of Conduct and legal requirements and should be consistent with the organization's other policies.

Preventive Action: Preventive actions are steps taken to remove the causes of *potential* nonconformities or potential situations that are undesirable—they address problems that have not yet occurred. The preventive action process is designed to prevent the occurrence of nonconformities or situations that do not yet exist. It tries to prevent occurrence by eliminating causes. While *corrective actions* prevent recurrence, *preventive actions* prevent occurrence. Both types of actions are intended to prevent nonconformities.

Record: A record documents the past and provides evidence that activities have been performed or results have been achieved. Records can, for example, show that audits have been performed and that preventive and corrective actions are completed.

Requirement: A requirement is a need, expectation, or obligation. It can be stated or implied by an organization, its customers, or other interested parties. A *specified requirement* is one that has been stated (in a document, for example), whereas an *implied requirement* is a need, expectation, or obligation that is common practice or customary.

Risk: A risk is the chance or probability that a person will be harmed or experience a labor rights abuse as a result of a gap in or absence of business practice. For example, the practice of withholding or confiscating worker identity documents presents a risk of forced labor. The severity of the risk (for example, low, medium, or high) depends on factors such as the number of workers involved, whether it is a systemic issue or an isolated case, etc.

Root Cause Analysis: Root cause analysis is a methodology for identifying the underlying causes of a nonconformance or noncompliance so that effective and enduring solutions can be identified and implemented. Root causes are typically gaps in management system processes and procedures. Problem solving, incident investigation, and root cause analysis are all fundamentally connected by three basic questions: what is the problem, why did it happen, and what can be done to prevent it from happening again?

Self-Assessment Questionnaire (SAQ): An SAQ is a detailed risk assessment completed by a supplier that asks questions about the programs and other controls the entity has in place to ensure conformance with requirements (e.g., laws and regulations, Supplier Code of Conduct, international standards). Suppliers with SAQ responses that indicate the presence of uncontrolled risk in one or more categories of the SAQ should be considered for an on-site audit.

Social Responsibility: Social responsibility refers to a company's internal policies, standards, and legal requirements intended to safeguard human rights. The basis for social responsibility requirements can be found in the International Labour Organization (ILO) Conventions, the Universal Declaration of Human Rights, and the UN Guiding Principles on Business and Human Rights. Workplace health and safety is typically considered to be under the umbrella of social responsibility.

Supplier: Supplier or *subcontractor* is a person or an organization that directly or indirectly provides products or services. Examples of suppliers include organizations and people who produce, distribute, or sell products, provide services, or publish information.

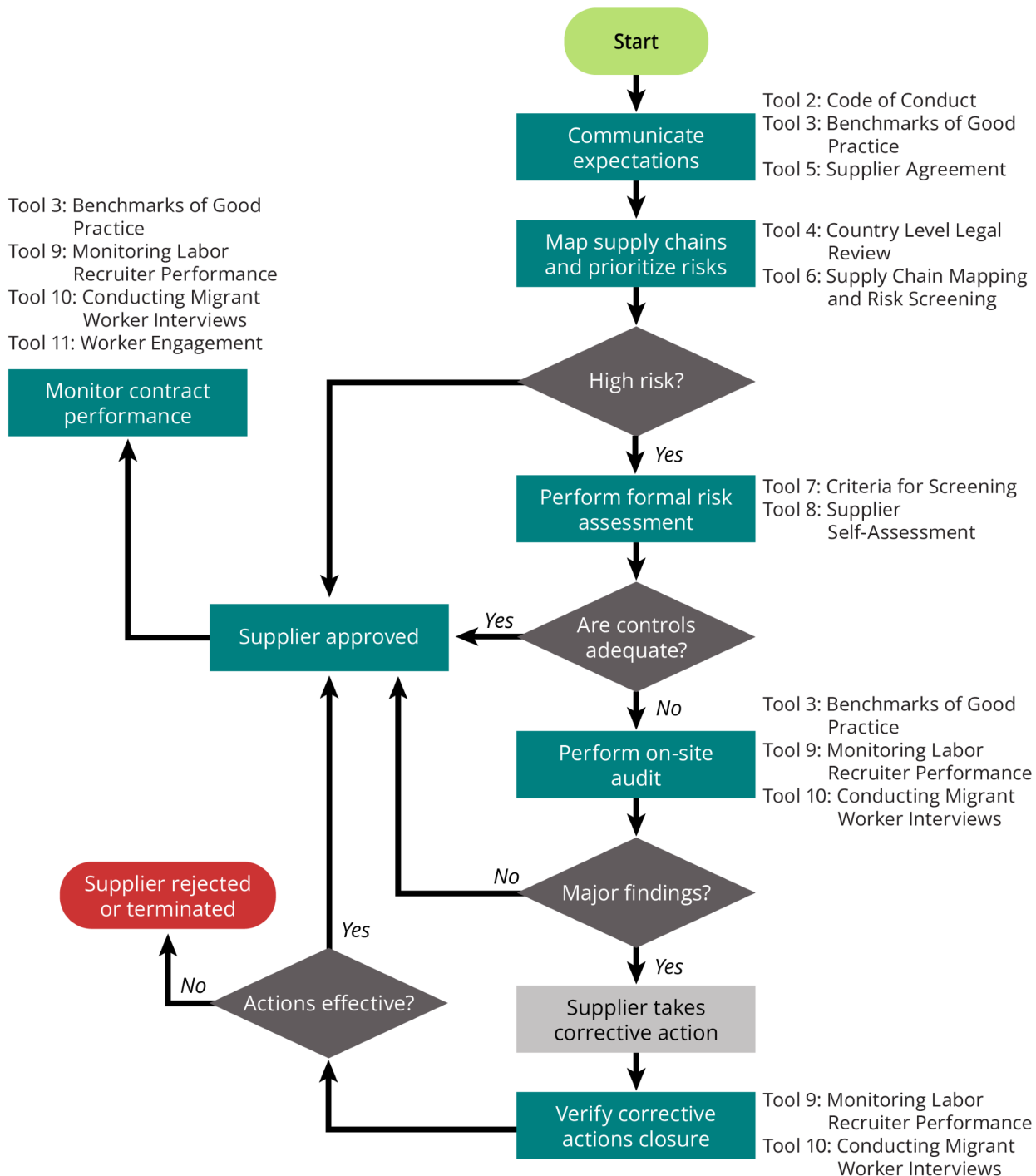
Verification: Verification is a process. It uses objective evidence to confirm that specified requirements have been met. Whenever specified requirements have been met, a *verified status* is achieved. There are many ways to verify that

requirements have been met. For example, tests could be given, demonstrations performed, alternative calculations carried out, or documents could be inspected before issuance.

Work Environment: Work environment refers to all the conditions and factors that influence work. In general, these include physical, social, psychological, and environmental conditions and factors, supervisory practices, and reward and recognition programs.

Working Hours: “Working hours” or “hours of work” are the period of time an individual spends performing paid occupational labor or time for which applicable labor law requires the individual to be compensated. Working hours are defined in national labor law. Some countries define break time as paid working time, some countries do not. National labor legislation should be checked to clarify the definition of what is included in working hours. It is possible that short breaks before and after meals are defined as paid and therefore are working time while lunch or dinner may not.

ATTACHMENT 2: Sample Supply Chain Due Diligence Process Flow



Description of Attachment 2 (flowchart)

To start, communicate expectations (see Tool 2: Sample Code of Conduct Provisions for the Mining Sector, Tool 3: Sample Benchmarks of Good Practice in Recruitment and Employment in the Mining Sector, and Tool 5: Sample Supplier Agreement and Contract Clauses for the Mining Sector).

Next, map supply chains and prioritize risks (see Tool 4: Country-Level Review of Legal Protections Against Human Trafficking and Tool 6: Supply Chain Mapping and Risk Assessment in the Mining Sector).

Determine if there is a high risk. If no high risk is identified, the supplier is approved.

Proceed to monitor contract performance (see Tool 3: Sample Benchmarks of Good Practice in Recruitment and Employment in the Mining Sector, Tool 9: Monitoring the Performance of Labor Agents in the Mining Sector, Tool 10: Conducting Migrant Worker Interviews in the Mining Sector, and Tool 11: Worker Engagement: Enabling Workplace Communication, Worker Agency, and Grievance Management).

If there is high risk identified, perform a formal risk assessment (see Tool 7: Criteria for Screening and Evaluating Labor Recruitment Agents and Tool 8: Sample Mining Company and Supplier Self-Assessment Questionnaire).

Next, assess if supplier and recruiter risk controls are adequate.

If controls are adequate, the supplier is approved. Proceed to monitor contract performance (see Tool 3: Sample Benchmarks of Good Practice in Recruitment and Employment in the Mining Sector, Tool 9: Monitoring the Performance of Labor Agents in the Mining Sector, and Tool 10: Conducting Migrant Worker Interviews).

If controls are not adequate, perform an on-site audit. Proceed to monitor contract performance (see Tool 3: Sample Benchmarks of Good Practice in Recruitment and Employment in the Mining Sector, Tool 9: Monitoring the Performance of Labor Agents in the Mining Sector, and Tool 10: Conducting Migrant Worker Interviews in the Mining Sector).

Next, assess for major findings. If there are no major findings, the supplier is approved. Proceed to monitor contract performance (see Tool 3: Sample Benchmarks of Good Practice in Recruitment and Employment in the Mining Sector, Tool 9: Monitoring the Performance of Labor Agents in the Mining Sector, and Tool 10: Conducting Migrant Worker Interviews in the Mining Sector).

If there are major findings, the supplier takes corrective action.

Next, verify closure of corrective actions (see Tool 9: Monitoring the Performance of Labor Agents in the Mining Sector, and Tool 10: Conducting Migrant Worker Interviews in the Mining Sector).

If the corrective actions are effective, the supplier is approved. Proceed to monitor contract performance (see Tool 3: Sample Benchmarks of Good Practice in Recruitment and Employment in the Mining Sector, Tool 9: Monitoring the Performance of Labor Agents in the Mining Sector, and Tool 10: Conducting Migrant Worker Interviews in the Mining Sector).

If the actions are not effective, the supplier is rejected or terminated.

ATTACHMENT 3: Sample Supplier Agreement

See RST Tool 5: Sample Supplier Agreement and Contract Clauses for the Mining Sector.

ATTACHMENT 4: Sample Considerations for Auditing for Forced Labor

Introduction

Forced labor and **forced labor-related** activities are complex issues. They are hidden, characterized by deception, and typically the result of complex pressures, abuses, and exploitation levied not by a single employer, but by a number of abusive actors at different stages of the recruitment, hiring, and employment processes, and at every level in the supply chain. The Company requires audits performed on its behalf to integrate the following guidance to improve an auditors' ability to identify potential human trafficking risks, including forced labor.

There are many reasons why forced labor can be difficult for auditors to detect:

- Deception and lies are a defining factor of forced labor and among the key means used by dishonest labor recruiters to lure their victims into hiring traps.
- If there is a presence of migrant workers, they may be hesitant to provide details about their recruitment experience or situation in the workplace for fear of reprisal, up to and including termination of their contract and deportation.
- A situation of forced labor may be the result not of a single, easily identifiable abuse, but rather a series of circumstances and violations committed by different actors.
- The abuse may originate with criminal actions of a labor recruiter overseas, as in the case of debt bondage due to excessive recruitment fees.
- The management of workers by an on-site recruiter can make it more difficult to determine the nature of employment and working conditions due to a lack of direct control.
- Auditors themselves may lack the skills, experience, and resources needed to identify forced labor.

Audits for forced labor share many common elements with other human rights audits, including:

- *Site Tours and Inspections*, including work areas, canteens and accommodations. Visiting the employer- or recruiter-provided housing is particularly important when performing forced labor audits as migrant workers often have no option but to live in such accommodations. Security practices at worker housing is often a source of restrictions in freedom of movement. Workers' living quarters may also be a good place for third-party auditors to conduct confidential worker interviews.
- *Management Interviews*. These interviews need to focus on the recruitment process, worker contracts, wage payments, disciplinary actions, and the worker grievance reporting process. More details are provided below.
- *Worker Interviews*. Gathering information from workers is an essential part of any human rights audit but is even more critical when evaluating the risk of forced labor. Due to the prevalence and extent of illicit and unethical practices by labor recruiters and sub-agents, workers may be the only source of reliable information on the details of the recruitment and hiring process. Interviewers who are trained and speak the local language must be part of any forced labor audit team to cover all the languages spoken by the workforce.
- *Labor Recruiter Interviews*. Labor recruiters play an essential role in cross-border recruitment and often provide complete outsourcing of a company's recruitment selection and hiring process and therefore must be part of any forced labor focused audit. Interviewing recruiters will provide the auditor with a more complete picture of the recruitment process. See below for more details.

Interviewing Managers

Managers are a key source of information for auditors. The following approach should be used in audits of Company facilities and those of its suppliers. In assessing compliance against the Supplier Code of Conduct provisions and the effectiveness of the entity's due diligence system, auditors should make sure to speak with all relevant members of the management team.

Auditors should speak about forced labor directly and address the full complexity of these issues, recognizing the need to go beyond simply asking if such abuse is prohibited. In addition, auditors should ask about migrant workers in the workplace and learn about the use of labor recruiters and recruitment methods; and discuss in greater detail the recruitment, selection, and hiring process used by the employer or worksite, as well as employment conditions facing

migrant workers. Cross-check this information with the results of interviews with workers and labor recruiters themselves.

Here is a selective list of the key issues auditors should discuss with managers:

- General profile of workers at the facility or worksite
- The process for selecting and contracting labor recruiters
- The individual with oversight for the recruitment process
- Recruitment fees and expenses
- Contracts of employment for migrant workers
- Other methods of communicating working conditions (hours, wages, benefits, etc.) to workers
- Document retention and withholding passports
- Charging of security deposits
- Wage payments and deductions
- Compulsory or involuntary overtime
- Worker freedom of movement and personal freedom at the workplace and in dormitories
- Workplace discipline
- Threats of violence and intimidation
- Grievance procedures and whistleblower protections
- Worker rights to terminate employment without penalty

Speaking with workers—in particular, migrant workers—is a key aspect of a comprehensive and effective due diligence audits focused on forced labor (see Tool 10: Conducting Migrant Worker Interviews in the Mining Sector for detailed guidance on worker interviewing.) This can be done individually or in groups, and every effort must be made to ensure the confidentiality and anonymity of worker identities and the statements they make. This is important when dealing with sensitive matters such as forced labor, which can result in criminal sanctions for the perpetrators and others involved, and thus increase the risk of retaliation to workers.

Make sure to speak with a wide cross-section of workers from different shifts, production lines, occupational groups (e.g., including security or cleaning staff) and sections of the workplace. Speak with both local and migrant workers both informally during the site inspection or walk-through, and more formally in the workplace, at dormitories, or other agreed upon locations, if the latter allow workers to feel more comfortable. Use a variety of means and methods of interviewing to elicit detailed information about the recruitment, hiring, and employment conditions facing workers. Information can also be gathered from grievance mechanisms.

Interviews should be conducted by trained native language interviewers that are part of the audit team. Do not rely upon facility or labor agent staff to translate for the workers. This may result in inaccurate information and may create an atmosphere of intimidation in which workers are unwilling to share sensitive information for fear of reprisal.

Here are some of the issues that auditors should discuss directly with workers:

- how they were recruited, hired, transported and received in the countries of origin and destination;
- what fees or expenses they were charged by the labor recruiter or its local partner in the country of destination, and if they were given receipts;
- whether an employment contract was signed, with whom it was signed, when it was signed, and whether the worker had to sign two or more different contracts;
- if the worker was provided a copy of the contract;
- whether wage payments are ever withheld or delayed, or if illegal or unexplained deductions are made by the labor recruiter or employer from workers' salaries;
- if passports or other valuable documentation are ever confiscated or withheld;

- what restrictions there are, if any, on migrant workers' freedom of movement and personal freedom in dormitories or other employer- or labor recruiter-operated housing;
- the safety and quality of employer provided housing;
- whether the job terms recruited for match the job in reality, including location of work, type of work, and hazardous nature of work; and
- if there is a way for them to file a complaint or grievance about recruitment or employment practices, if they feel comfortable using the process, and, if they have used it, was it effective in resolving their issues.

Interviewing Labor Agents

Another feature of an effective forced labor audit is interviews with the labor agents (**recruiters and staffing agencies**) contracted by the employer. This can give the auditor full insight into the recruitment, selection, and hiring procedures used by the recruiter, and the conditions facing migrant workers in pre-deployment, transportation, arrival, and placement.

Auditors should speak with a broad cross-section of labor agents. They should interview recruiter representatives and sub-agents, if possible, from each country of origin of migrant workers in the facility, as well as local partners in the destination country. Topics to discuss range from the specifics of fees and expenses charged to workers or the contracting employer to the labor agent's legal history and its certification or license to operate in each country from which it sends workers. Some of the other issues to address with agents include:

- the pre-departure orientation or training they provide to workers;
- contracting procedures and including any changes made to employment contracts after arrival in the country of work (contract substitution);
- whether they also perform human resource management functions for migrant workers, such as salary payment;
- handling of workers' personal documents (document retention or confiscation); and

- whether the labor agent has established an effective complaints mechanism or grievance procedure for workers.

Reviewing Documents and Records

A review of documents and records is an important part of an audit to identify indicators of forced labor. It includes both company and worker documentation such as wage slips and contracts of employment, which are common to most human rights auditing systems; however, it should also include a review of labor agent documentation, which can be collected and used to cross-check information gathered through the agent and worker interviews.

Although small services employers will be more difficult to monitor and cannot be expected to have mature management systems in place, they may nevertheless be held accountable to basic standards of ethical practices. Small service providers (for example, cleaning and janitorial services) and smallholder farmers, for example, will likely not have formal payroll documents, however they should be required to maintain basic documentation, such as handwritten records of when and how much workers were paid. Ultimately, all employers should have a transparent system that documents: the amount of work a worker performs; the wage system; how many hours worked or quota units completed; what overtime wages are, if applicable; what deductions may have been made; and how much money is due and paid out per pay period. Workers should be able to receive some sort of pay-slip, even if handwritten, which both the worker and employer can confirm is accurate.

Some of the written materials auditors should review include:

- signed contracts between each labor agent and the employer;
- receipts and bank records that verify recruitment fees were paid by the employer;
- a list of all migrant workers in the worksite and their migration status;
- copies of employer and labor recruiter policies and each party's respective operating procedures handbook;
- personnel files for a representative number of workers in the worksite, including recently terminated workers and those that have resigned;
- copies of pre-departure and arrival worker training materials;

- labor agent and employer training records for workers; and
- records of pending and past complaints or grievances that have been raised by workers.