



**Third-Party
OECD Alignment Assessment
Final Report for
RCS Global Upstream Ltd.
December 7, 2020**





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Introduction

RESPONSIBLE TRADE, LLC. (Responsible Trade) was contracted to conduct a third-party OECD Alignment Assessment for the RCS Global Upstream Ltd. owned Better Sourcing Program (BSP). The purpose of the assessment was to evaluate the BSP program to determine if it meets the criteria to be considered by Responsible Minerals Initiative (RMI) as a Level 1: Full Recognition Upstream Assurance Mechanism (UAM). A Level 1: Full Recognition UAM is defined by the RMI as:

Alignment with the OECD Due Diligence Guidance, demonstrated through an OECD Alignment Assessment conducted by an independent third-party using the OECD's Alignment Assessment Methodology and Alignment Assessment Tool for:

- Standard
- Implementation
- Governance

This report provides the scope, assessment methodology, results, conclusion and limitations of the assessment.

Assumptions

The following assumptions have been considered in the conduct of the Assessment:

1. BSP is an Upstream Assurance Mechanism implemented by consulting firm RCS Global Ltd. BSP was originally developed with the financial support from USAID and is not an Industry Program as defined in the *Alignment Assessment of Industry Programmes with the OECD Minerals Guidance* or the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas 3rd Edition* (OECD Due Diligence Guidance). The following is the OECD Due Diligence Guidance definition of an Industry Programme: *For the purpose of this Guidance, this term means an initiative or programme created and managed by an industry organization or similar industry initiative to support and advance some or all of the recommendations of this Guidance. An Industry Programme may be a part of the organization's broader activities that encompass other goals. Any reference in this Guidance to relevant activities and/or initiatives of an Industry Programme is understood to mean that such activities and/or initiatives will be consistent with this Guidance.* BSP is not run or managed by an industry organization or initiative.
2. BSP is not an Institutionalized Mechanism as defined in the OECD Due Diligence Guidance. The following is the OECD Due Diligence Guidance definition of an Institutionalized Mechanism – *For the purpose of this Guidance, this term means an*



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organisation created by and composed of representatives of governments, industries and civil society with a mandate to support and advance some or all of the recommendations of this Guidance. Any reference in this Guidance to relevant activities and/or initiatives of an Institutionalised Mechanism is understood to mean that such activities and/or initiatives will be consistent with this Guidance. BSP was not created nor is composed of representatives of governments industries and civil society.

Scope

This assessment covered the time frame from CY 2018 and 2019 through September 30 for Rwanda and for DRC the time frame was January 2019 through January 2020 since BSP only started supporting validated 3T exports from this customer in January 2019. While the Standards and Policies Review covered all minerals globally, the Implementation review covers 3Ts at three concessions in Rwanda and one concession in the DRC where BSP was operating.

At the time of the assessment BSP operated Assurance Systems in Democratic Republic of the Congo (DRC) (one exporter-with one concession) and Rwanda (two exporters one with two concessions and one with one concessions). In Rwanda, the two exporters evaluated own and/or operate the mines they source their minerals from. In the DRC, the exporter sources all of the material from their own concession. There were no gold supply chains or other minerals currently active in the BSP program; therefore, the scope of the Standards portion of the Assessment was all minerals, the Implementation portion was limited to 3T.

Assessment Team

The Responsible trade Assessment Team consisted of Mike Loch, Lead Assessor based in the USA, Nadine Lusi, DRC field assessor based in Goma, DRC and Emmanuel Ngueynouba DRC field assessor based in Nairobi, Kenya. Mike conducted the Standards review and Implementation assessment in Rwanda and DRC. Nadine and Emmanuel provided additional support for subsequent Implementation field work in the DRC.

Alignment Assessment Methodology

The Alignment Assessment began with a desk-based document review. BSP provided copies of various documents including the Better Sourcing Program Export Validation Approach, dated 01 October 2019 and the Better Sourcing Standard dated 01 October 2019. These two documents are the primary documents that describe the requirements of the BSP program. Programme requirements were compared against the relevant detailed recommendations of the OECD Guidance using the OECD Assessment Tool. The Export Validation Approach and Better Sourcing Standard were reviewed and assessed one of the following ratings in the applicable policies and standards section:



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Fully Aligned: The criterion is fully and explicitly addressed in the programme's policies, standards, procedures or other formal documentation.

Partially Aligned: The criterion is only partially addressed in the programme's policies, standards, procedures or other formal documentation; and / or the criterion is addressed but informally or inconsistently.

Not Aligned: The criterion is not addressed in the programme's policies, standards, procedures or other formal documentation.

Initial findings from the Standard review was communicated to the BSP team identifying any Partially Aligned and Not Aligned findings. Based on these findings, BSP then revised the Export Validation Approach and Standard documents to address the deficiencies identified. The revised Validation Approach and Standard documents dated November 2019 were then reassessed to determine if the findings had been addressed.

Once the desktop review was completed, the Implementation Assessment was conducted in two parts. The first part was conducted from October 7-10, 2019 in Rwanda. Evaluations were conducted at each of the operations in Rwanda where BSP program was operational at the time. The assessor visited the exporter's offices/depots and mine sites along with the local BSP office. The second part of the Implementation Assessment was initiated in the DRC on February 12, 2020 and completed on September 1, 2020 (see Limitations below). Assessors visited the mine site and depot of the operations in addition to BSP local and field offices. During the fieldwork assessment, assessors obtained evidence to reasonably conclude the level of alignment with the requirements of the OECD. This evidence gathering included structured and semi-structured interviews with appropriate personnel, review of records and mine site visits including field offices.

Using the Alignment Assessment Tool, the implementation was reviewed and assessed one of the following ratings:

Fully Aligned: There is sufficient evidence, based upon the assessment activities undertaken, to reasonably conclude that the criterion is implemented by the programme.

Partially Aligned: There is sufficient evidence, based upon the assessment activities undertaken, to reasonably conclude that the criterion is partially implemented by the programme; including by undertaking some but not fully adequate measures to implement the programme.

Not Aligned: There is sufficient evidence, based upon the assessment activities undertaken, to reasonably conclude that the criterion is not implemented by the programme.



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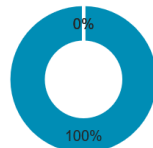
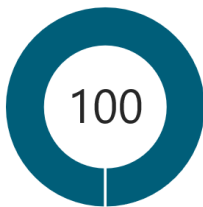
Since the BSP program is not an Institutional Mechanism or an Industry Initiative, nor do they perform audits of smelters and refiners, the Review of Program Governance and Management had a significant number of items that were not applicable 14 out of 36. Unfortunately, the OECD Alignment Assessment tool does not allow for Not Applicable (NA) as an option. The assessors have created a modified version of the Program Governance and Management worksheet that indicates which elements are NA and provide comments as appropriate in Annex 2.

Program Specific Results

The result of the assessment indicated BSP to be Fully Aligned as defined by the OECD's Alignment Assessment methodology. The specific results by section are below. Note: These graphics are as produced by the tool which is locked and cannot be modified. In some results displayed below, the bar charts do not graphically reflect the correct percentages.

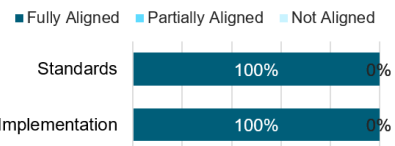
Overall rating: **Fully Aligned**

Overarching due diligence principles

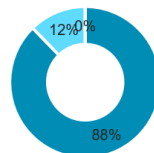
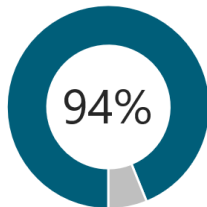


- Fully Aligned
- Partially Aligned
- Not Aligned

Number of assessment criteria 14

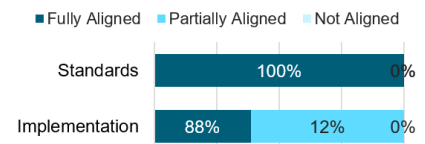


Overall alignment with five-step framework



- Fully Aligned
- Partially Aligned
- Not Aligned

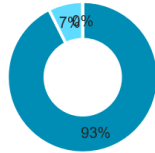
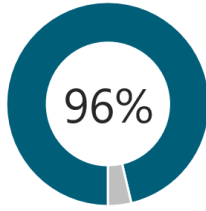
Number of assessment criteria 57





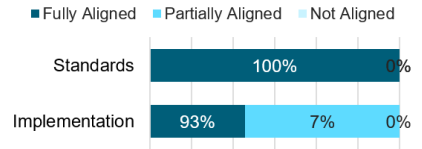
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Step 1: Establish strong company management systems

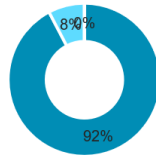
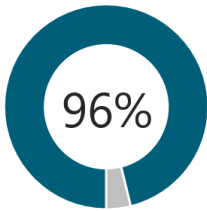


- Fully Aligned
- Partially Aligned
- Not Aligned

Number of assessment criteria 27

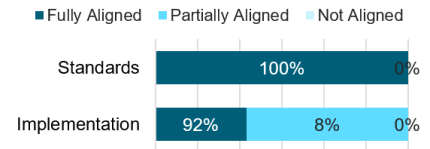


Step 2: Identify and assess risks in the supply chain

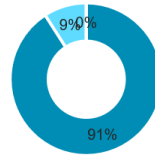
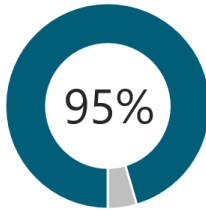


- Fully Aligned
- Partially Aligned
- Not Aligned

Number of assessment criteria 13

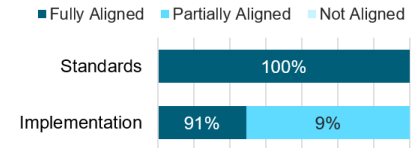


Step 3: Design and implement a strategy to respond to identified risks



- Fully Aligned
- Partially Aligned
- Not Aligned

Number of assessment criteria 11



Step 4: Carry out an independent audit at identified points in the supply chain

Not Applicable
Smelters or Refiners Audits are Not Part of Program

- Fully Aligned
- Partially Aligned
- Not Aligned

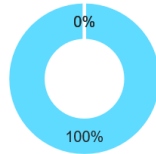
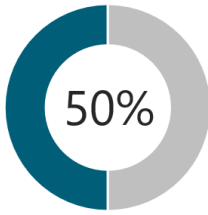
Number of assessment criteria 0





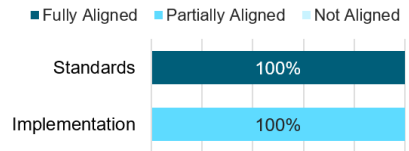
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Step 5: Report on supply chain due diligence

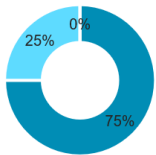
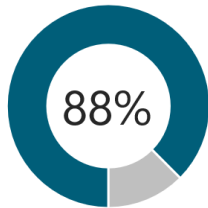


■ Fully Aligned
■ Partially Aligned
■ Not Aligned

Number of assessment criteria 2

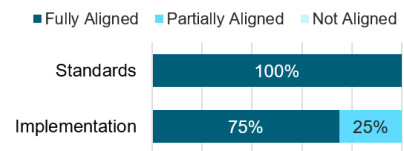


Specific responsibilities of Programmes

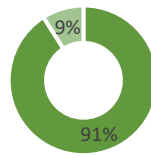
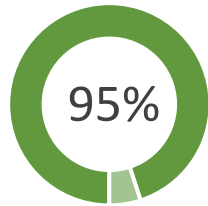


■ Fully Aligned
■ Partially Aligned
■ Not Aligned

Number of assessment criteria 4



Programme Governance Review



■ Fully Addressed
■ Improvement Opportunity

Number of Assessment Criteria: 22

Conclusion

The BSP program was found to be in Full Alignment with the criteria outlined in the OECD Assessment Methodology and Tool. Based on this result, BSP meets the criteria for a Level 1 Full Recognition – Standard and Implementation as defined in the Responsible Minerals Initiative Recognition Process for an Upstream Assurance Mechanism. The supplemental field visit in late August that was performed did not identify any issues that would materially affect the outcome of the audit. The additional observations that were made have been included in the respective sections of Annex 1 and are bolded and were summarized in *The Third-Party OECD Alignment Assessment Supplemental Report for the Better Sourcing Program (BSP)* dated October 24, 2020.



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There are a number of Implementation corrective actions that have been identified and are currently in the BSP CAP program. Verifying if the identified Implementation CAPs have been closed was not part of this assessment scope.

Limitations

The audit was completed with no limitations with regard to the cooperation of RCS Global Upstream Ltd and RCS Global Upstream Ltd's BSP implementing exporters. The assessors had access to all documents requested. The entities that participated in the assessment were forthcoming with information and made staff available for interviews and mine site visits with one exception described below.

The limitation relates to access at the pit level on one mine site in the DRC. This is where the washing and initial (first) tagging of minerals is conducted. Despite mine senior management and cooperative senior management based in Goma approving the assessor's visit, the assessor was not allowed access by the local cooperative staff to the pit and washing areas to observe the initial tagging operations and to interview miners. The assessor was allowed observe tagging at the second tagging station where material is consolidated. The visit was then rescheduled to resolve access at the local cooperative level. During the second visit to the mine site, the assessor was again denied access to the pit level. In both cases the assessor observed the implementation of tagging at the depot level (the second tagging step). The RMI was informed via conference call of this access issue. BSP had re-scheduled another on-site assessment prior to the end of March for the assessor to observe the tagging and washing activities along with miner interviews; however, due to the Covid-19 pandemic, the site visit was delayed until it was appropriate to travel. The site visit was conducted by Emmanuel from August 25 to September 1, 2020 and summarized in *The Third-Party OECD Alignment Assessment Supplemental Report for the Better Sourcing Program (BSP)* dated October 24, 2020.

Another limitation was the OECD Alignment Assessment Tool. As built, the tool is not functioning properly, has incomplete ratings and not user friendly. For instance, in the Alignment Assessment tab column J where you write down notes and document your evidence, once you make the initial input, if you try to make edits or add additional information, all of the initial input is deleted. Secondly, there is no option to choose NA in the Programme Governance Review tab. This is a shortcoming that poses challenges in how to deal with situations where the item is not applicable. Another issue is that the Results and Charts as produced are not accurate. In the bar charts, the calculated percentages are not properly proportioned in several of the sections. When trying to reproduce either the tables or graphics, the tool does not allow the user to cut and paste into reports. While the content of the tool is very useful, the OECD should make edits and fix the deficiencies identified above.



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