

Responsible Source™

for precious metals

Standard



Environmental Certification Services

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1.0 Introduction, Purpose, Intended Users, and Structure

1.1. Introduction

The sourcing, refining, and distribution of precious metals, and the manufacturing of these metals into finished goods such as jewelry, is associated with various environmental, social, ethical, and political risks.

Scientific Certification Systems (SCS) recognizes that the best practices for managing these risks include the use of metals from verified recycled sources, the operation of recycling facilities, refineries, and manufacturing plants in a manner that ensures safe and fair working conditions, and procurement strategies that exclude corrupt or unethical business partners. Furthermore, SCS realizes that leaders in the industry are making positive reductions across multiple environmental impact categories, including non-renewable energy consumption, air and water emissions, and solid waste generation.

This document and its annexes contain requirements designed to assess handlers of precious metals (including refiners, recyclers, distributors, and manufacturers) deemed “Responsible Sources” of precious metals or precious metal-containing products. These requirements comprise the SCS Responsible Source Standard (hereafter referred to as “this Standard”).

SCS developed the provisions of this Standard referencing SCS-002 Life Cycle Assessment Methodology, ILO Conventions, US Federal Regulations, ISO Standards and Guidelines, existing SCS Standards, and other reputable sources (see Section 4.0 References).

1.2 Purpose

This Standard describes the requirements for third-party substantiation of the claims asserted by precious metal recycling companies and jewelry manufacturers with responsible recycled sources of precious metals.

This Standard allows an entity to demonstrate that:

- (1) It mitigates the risk that materials or products come from unethical sources including:
 - Those dealing in conflict minerals,
 - Those irresponsibly handling post-consumer e-waste, and
 - Those using unfair or deceptive purchasing practices.
- (2) It sources materials from qualified, recycled sources.
- (3) It engages in fair labor practices as defined by this Standard.
- (4) It measures its environmental performance across key indicator categories including greenhouse gas emissions, water consumption, non-renewable energy consumption, and waste generation.
- (5) It measures improvements in its environmental impacts over time.
- (6) It meets the chain of custody requirements defined by this Standard.
- (7) It sources any directly mined materials from entities complying with the requirements outlined in Annex A.

1.3. Intended Users

Intended users of this Standard are operators of precious metal refineries and recycling facilities, dealers and brokers of precious metals, raw material and component manufacturers using precious metals, precious metal content jewelry manufacturers, and other handlers of precious metals, including individuals, businesses, organizations, or agencies, seeking third-party certification of conformance of a company to the requirements of this Standard, as well as individuals, businesses, organizations,

agencies, or consumers interested in conducting business with companies whose operations meet the requirements of this Standard.

1.4. Structure of Standard

This Standard provides: (1) the requirements for qualifying and quantifying input and output materials that serve as the basis for claims asserted by companies regarding responsible recycled sources; (2) the requirements for social, ethical, environmental, and management practices that serve as the basis of claims asserted by companies regarding responsible recycled sources; (3) guidelines for upstream suppliers of gold and silver metals; (4) chain of custody guidelines for passing on claims regarding responsible recycled source certified materials and products; and (5) marketing requirements that are applicable to all certified companies, materials, and products.

Annex A includes requirements for users of this Standard that handle concentrates, unrefined metals, or refined metals from mining operations.

1.5. Voluntary Standard

This Standard is voluntary. It is not intended to replace any legal or regulatory requirements that may be applicable to user operations.

2.0 Scope, Goals, and Limitations

2.1. Certification Scope

This Standard applies to refineries, recyclers, jewelry manufacturers, and other handlers of precious metals and to any material or product produced by said entities, for which they are making a claim about the provenance management, procurement practices, environmental impacts, and fair labor and workplace practices associated with its manufacture.

The term “Company” is used throughout this Standard in reference to an entity in the business of handling precious metals sourced from pre-consumer and post-consumer sources. Entities include, but are not limited to, precious metal refiners, recyclers, brokers, dealers, jewelry raw material and component manufacturers, and finished goods manufacturers.

This Standard allows the Company:

- To market and sell qualified materials and products as “Certified Responsible Source.”
- To promote itself as a “Certified Responsible Source.”

The term “shall” is used throughout this Standard to indicate mandatory requirements. The term “should” is used throughout this Standard to indicate preferred requirements.

Users of this Standard may consider as *de minimis* no more than 5% (by weight) of total incoming precious metals. These sources of material may be exempt from the scope and, therefore, qualification protocols outlined in this Standard.

2.2. Goals

The major goals of this Standard are:

- To provide a uniform standard by which to assess Companies making Type II environmental claims (self-declared environmental claims as defined by ISO 14021:1999).
- To engender confidence in the marketplace that SCS certified Companies consistently meet the requirements of this Standard [and its normative references].
- To promote responsible performance by Companies handling recycled precious metals.

2.3. Limitations

This Standard does not address safety, health, and performance concerns, if any, associated with its use. Users shall note that compliance with the requirements of this Standard is no guarantee of regulatory compliance at the time of certification or in the period between audits.

It is the responsibility of the user to establish appropriate conditions for such considerations and to determine the applicability of regulatory limitations prior to use.

Although this is a multi-attribute standard, it does not attempt to address all possible life-cycle impacts related to the operation of a Company. Therefore, there may be environmental tradeoffs associated with a certified Company and the material or product it produces.

3.0 Key Terminology

Specific terms and definitions are provided below.

Biological Diversity (biodiversity): The variability among living organisms from all sources including, *inter alia*, terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems. (Source: Convention on Biological Diversity)

Bribery/Bribes: To intentionally offer, promise, or give any undue pecuniary or other advantage, whether directly or through intermediaries, to an entity, for that entity or for a third party, in order that the entity act or refrain from acting in relation to the performance of duties, in order to obtain or retain business or other improper advantage in the conduct of business.

Certification Assessment: Independent evaluation of a product claim using specific, predetermined criteria and procedures with assurance of data reliability.

Chain of Custody: The path that a product takes from its point of production to the end consumer, consisting of records of each entity that takes legal and/or physical possession of the product or its raw materials along this pathway.

Claim: Oral, written, implied, or symbolic representation, statement, or advertising or other form of communication presented to the public or buyers that relates to a Company's precious metal operation and/or product.

Company: An operator of an entity in the business of handling precious metals sourced from pre-consumer and post-consumer sources. Entities include, but are not limited to, precious metal refiners, recyclers, brokers, dealers, jewelry raw material and component manufacturers, and finished goods manufacturers.

Component: A material or ingredient used in the manufacture of a product.

Conflict Mineral: Columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives; or any other mineral or its derivatives determined by the US Secretary of State to be financing conflict in the Democratic Republic of the Congo (DRC) or an adjoining country. (Source: H.R.4173 - Dodd-Frank Wall Street Reform and Consumer Protection Act)¹

¹ This definition may be extended to include other countries should new conflicts arise in the future.

Content: Proportion, by mass, of a type of material in a product.

Corruption: The abuse of entrusted power for private gain. (Source: Transparency International)

Critical Habitat: Includes areas with high biodiversity value, including habitat required for the survival of critically endangered or endangered species; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic, or cultural importance to local communities.

Data Review Period: The period of time represented by the data submitted for an assessment. This is typically the most recent four consecutive quarters. The data review period must be the same for all data included in the review.

Deceptive: Representation, omission or practice that is likely to mislead the consumer, where t. The representation, omission, or practice must be a "material" one is viewed from the perspective of a consumer acting reasonably in the circumstances. The basic question is whether the act or practice is likely to affect the consumer's conduct or decision with regard to a product or service. (Source: FTC Policy Statement on Deception)

Employment Practices: Include, but are not limited to, recruiting, hiring, training, job assignments, pay, benefits, promotions, discipline, termination, or retirement.

E-Waste: Electronic waste composed of new or used electronic equipment destined all or in part for materials recovery, energy recovery, or final disposal in a landfill or incinerator.

Financing of Terrorism: By any means, directly or indirectly, unlawfully and willfully, providing or collecting funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out an offense within the scope of the International Convention for the Suppression of the Financing of Terrorism. (Adopted by the General Assembly of the United Nations in resolution 54/109 of December 9, 1999)

Hazardous Material: Any material specifically listed by the US EPA (40 CFR Part 261.31 – 261.33) or the Basel Convention (Annex I) as a hazardous material, or exhibiting a property consistent with the hazardous characteristics identified by the USA EPA (40 CFR Part 261 Subpart C) or the Basel Convention (Annex III).

Hazardous Waste: Hazardous material as defined above that can also be classified as a solid waste as defined in 40 CFR Part 261.2.

Material Recycling Program: A service or system administered for the purposes of reclaiming and/or recycling materials.

Money Laundering: Encompasses: (1) The conversion or transfer of property, knowing that such property is derived from any criminal offence, or from an act of participation in such criminal offence, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such a criminal offence to evade the legal consequences of his actions; (2) The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from a criminal offence or from an act of participation in such a criminal offence; (3) The acquisition, possession or use of property,

knowing, at the time of receipt, that such property was derived from a criminal offence. (Source: United National Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988)

Normative Reference: Provisions that, through reference in this text, constitute provisions of this Standard.

Outgoing Material: Any material leaving the refinery/facility under review. This includes, but is not limited to, finished products, intermediate materials, waste destined for a landfill, further recyclable materials, and wastes to be permanently stored.

Post-Consumer Material: Material generated by households or by commercial, industrial, and institutional facilities in their role as end-users of the product that can no longer be used for its intended purpose. This includes returns of materials from the distribution chain. (Source: ISO 14021:1999)

Note: For the purposes of the SCS certification program this is interpreted to mean that any material returned from the distribution chain must meet the requirement of being from end-users to be considered post-consumer.

Post-Industrial Material: See **Pre-Consumer Material**.

Precious Metal Refinery: An entity in the business of refining impure precious metals – chemically, physically, or by other means – to produce high purity precious metals.

Precious Metal: Including elemental gold, silver, and the platinum group metals (platinum, palladium, rhodium, iridium, osmium and ruthenium).

Pre-Consumer Material: Material diverted from the waste stream during the manufacturing process. Excluded is the reutilization of materials such as rework, regrind or scrap generated in a process and capable of being reclaimed within the same process that generated it. (Source: ISO 14021:1999)

Reclaimed Material: Material that would have otherwise been disposed of as waste or used for energy recovery, but has instead been collected and recovered (reclaimed) as a material input, in lieu of new primary material, for a recycling or a manufacturing process. (Source: ISO 14021:1999)

Recycled Material: Material that has been reprocessed from recovered (reclaimed) material by means of a manufacturing process and made into a final product or into a component for incorporation into a final product. (Source: ISO 14021:1999)

Note: SCS may interpret a material to be recycled if it is “used, reused, or reclaimed” according to United States Government Code of Federal Regulations Title 40: Protection of Environment Part 261.1:

(4) A material is “reclaimed” if it is processed to recover a usable product, or if it is regenerated.

(5) A material is “used or reused” if it is either:

(i) Employed as an ingredient (including use as an intermediate) in an industrial process to make a product. However, a material will not satisfy this condition if distinct components of the material are recovered as separate end products (as when metal components are recovered from metal-containing secondary materials); or

(ii) Employed in a particular function or application as an effective substitute for a commercial product (for example, spent pickle liquor used as phosphorous precipitant and sludge conditioner in wastewater treatment).

Records: Any information in written, visual, or electronic form that documents the activities undertaken by a user to demonstrate conformance with this Standard.

Stakeholders: People and organizations who are, or who might be, affected by any action taken by users of this Standard. Examples are: customers, workers, partners, contractors, suppliers, etc.

Standard: When capitalized, refers to this Standard (SCS Responsible Source Standard).

Supplier: Organization that supplies a material, product or service to the Company.

Unfair: If an act or practice causes or is likely to cause substantial injury to consumers in a way that is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or to competition.

Waste: Anything for which the generator or holder has no further use and which is discarded or is released to the environment. (Source: ISO 14021:1999)

4.0 Referenced Documents

4.1 Normative References

The following normative documents contain provisions that, through reference in this text, constitute provisions of this Standard.

1. International Labor Organization (ILO) - Forced Labour Convention, 1930 (No. 29)
2. H.R.4501 - Guarantee of a Legitimate Deal Act of 2009
3. SCS Chain of Custody Verification Protocol for entities handling Responsible Source precious metals
4. ISO 14021:1999, "Environmental labels and declarations – Self-declared environmental claims (Type II environmental labeling)"
5. Code of Federal Regulations Title 40: Protection of Environment, Part 261- Identification and Listing of Hazardous Waste
6. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
7. Montreal Protocol on Substances that Deplete the Ozone Layer
8. ISO 14024:1999, "Environmental labels and declarations – Type I environmental labeling – Principles and procedures"
9. ISO 14020:2000, "Environmental labels and declarations – General principles"
10. US Clean Air Act

11. US Clean Water Act: Title 40 Protection of the Environment, Part 421 Nonferrous Metals Manufacturing Point Source Category ,Subpart X Secondary Precious Metals

4.2. Additional References

1. Federal Trade Commission (FTC) Part 260- Guides for the Use of Environmental Marketing Claims
2. SCS Fair Labor Practices and Community Benefits Standard. Draft Version 2.0, 2010
3. SCS-002: 2009, Life-Cycle Assessment Framework for Environmental Performance Declarations, Comparative LCA Studies, Declarations of Environmental Preferability, and Greenhouse Gas Accounting
4. Walmart Standards for Suppliers Manual and references therein
5. Financial Action Task Force, Risk Based Assessment for Dealers in Precious Metals and Stones, 17 June 2008
6. Transparency International, Business Principles for Countering Bribery: Guidance Document, Issue III November 2004
7. ISO 9001:2000, Quality management systems – Requirements
8. ISO 14001:2004, Environmental management systems – Requirements with guidance for use
9. ISO 31000:2009, Risk management – Principles and guidelines
10. Responsible Jewellery Council. December 2009. S001_2009 – Principles and Code of Practices – Version 3
11. United Nations Global Compact
12. Human Rights Compliance Assessment (HRCA) (The Danish Institute for Human Rights)

5.0 Minimum Requirements

General conformance requirements for Companies are provided below.

5.1. General Conditions

5.1.1. Process Description

The Company shall have available a diagram and description of its manufacturing and/or business process showing all inputs of materials, all internal material flows (e.g., reuse or recycling of scrap), and all material outputs (including, but not limited to, finished products, intermediary products, and waste).

5.1.2 License to Operate

The Company shall have documentation of any and all valid local, state, or federal permits required to operate. The Company shall maintain all valid permits, licenses, consents and certificates required for legal operation.

5.1.3. Citations or Infractions

The Company shall disclose any regulatory citations or infractions received in the last three years and provide associated documentation upon request.

a. The Company should demonstrate that it has complied with relevant national and local laws and regulations for the past three years.

b. If the Company does not meet requirement 5.1.3. a., it shall report any corrective actions undertaken in response to the citation(s) or infraction(s) received and these corrective actions shall demonstrate effective resolution of the issue of non-compliance.

5.1.4. Registry of Suppliers

The Company shall maintain auditable records of current suppliers and supplies.

5.1.5. Incoming Material Verification & Validation

The Company shall detail the composition of each incoming precious metal content material, its source, and the nature of any processing that occurred to it before it reached the facility under review.²

a. The Company shall report whether the precious metal from each supplier is from secondary sources or from mined sources.

Note: This, and other information, shall be used to quantify the amount of qualifying recycled precious metal and/or Responsible Source Certified metal consumed by the Company. Suppliers of incoming material may be contacted by SCS to confirm validity of information and, at the discretion of SCS and on condition of their consent, may be subject to further review.

5.1.6. Source Material Supply Data

The Company shall maintain summary data containing the amount of material obtained from each supplier/source under review.

² The Company may consider as *de minimis* no more than 5% (by weight) of total incoming precious metals. These sources of material are exempt from qualification protocols outlined in this Standard.

5.1.7. Material Inventories

The Company shall maintain auditable recycled material inventories of the amount and types of materials used at the facility under review for the each of the twelve months preceding the certification assessment.

5.1.8. Segregation

The Company shall maintain practices for segregating and clearly identifying recycled and non-recycled materials by type, source, and/or destination in stages such as receiving, storage, transfer to shipping, and shipping.

5.1.9. Traceability

Auditable traceability practices shall be employed by the Company to ensure that outgoing materials/products from operations conforming to this Standard can have all input materials tracked back to the point at which they entered into possession of the Company.

5.1.10. Finished Material/Product Formulation

The Company shall provide the material composition of all finished goods produced by the facility under review.

If applicable, these data shall include a list of all components (e.g. solder, plating, findings, etc), the amount (by dry weight or some other measure than can be converted to dry weight) of each component in the finished product, and the percentage of each component in the finished product (total dry weight basis).

5.1.11. Product/Material Quality

The Company shall demonstrate that materials and products are in conformance with relevant hallmarking requirements.

5.1.12. Outgoing Materials/products

For every material/product leaving the facility under review, the Company shall provide monthly gross production totals (numbers of units and weight of units) for the data review period as well as the next, immediate destination (e.g. sale, incineration, further recycling etc.) of each material/product.

These data shall show that the quantity and destination of all incoming materials are accounted for. At the discretion of SCS, recipients of these materials may be contacted to confirm material flow and destination.

5.1.13. Scrap Reuse

The Company shall maintain auditable records for the data review period of the amounts and units of measurement for the scrap reused internally, if any, within the facility under review.

5.1.14. Material Turnover

The Company shall provide data that show that it is not acting as a long-term storage facility for unusable waste materials.

5.1.15. Scale Calibration

The Company shall maintain an auditable record that confirms that all scale(s) used for measuring materials onsite have been calibrated during the data review period.

5.2. Social and Ethical Requirements

5.2.2. Purchasing Requirements³

5.2.2.1. Ethical Procurement Practices

When purchasing directly from consumers, the Company shall have and implement procedures that are aligned with the provisions of the Guarantee of a Legitimate Deal (GOLD) Act of 2009 (H.R. 4501) whether legally required to do so or not. Specifically, the Company shall not:

- a. Sell, transfer to a third party, or refine through melting or otherwise permanently destroy an item of jewelry or precious metal before the purchaser of precious metals has received an affirmative acceptance of an offer to purchase the item for a specific price from the consumer to whom such offer was made;
- b. Fail to promptly return to the consumer any jewelry or other precious metal if the consumer declines the offer to purchase made by the purchaser of precious metals; or
- c. Fail to insure any shipment to the consumer of such jewelry or precious metals in an amount equal to:
 - i. The amount the consumer insured the shipment of the jewelry or precious metals to the purchaser of precious metals, if the consumer provides the purchaser of precious metals with proof of such insurance; or
 - ii. 60 percent of the melt-value of the jewelry or precious metals, if the consumer does not provide the purchaser of precious metals with proof of such insurance.

5.2.2.2. Provenance Management

- a. The Company shall maintain auditable procedures and practices, appropriate to the size, scale, and type of its operation, that attempt to assess risk, mitigate, and eliminate the purchase of precious metals:
 - i. That are considered Conflict Minerals;
 - ii. That are sourced from e-waste recycling facilities that do not have an environmental policy and, when applicable, and Environmental Management System; or
 - iii. That are sourced from entities using unfair or deceptive⁴ purchasing practices including, but not limited to, those who fail to comply with the requirements of 5.2.2.1.
- b. The Company shall maintain documentation of the use of a due diligence process to assess sources of material from its suppliers. This process shall be appropriate to the size, scale, and type of operation.

5.2.2.3. Anti-Money Laundering and Combating the Financing of Terrorism

- a. The Company shall maintain independently audited or certified financial accounts in accordance with national or international accounting standards.
- b. The Company shall screen each of its suppliers using appropriate anti-money laundering (AML) and combating the financing of terrorism (CFT) protocols (or their equivalent) to

³ If the Company handles concentrates, unrefined metals, or refined metals from mining operations it shall also comply with the requirements in Annex A.

⁴ see <http://www.ftc.gov/bcp/policystmt/ad-decept.htm>

identify potentially illicit business practices and maintain auditable records of this screening:

- i. The company shall maintain records of actions taken in response to illicit persons or companies identified during this screening process, and
 - ii. These actions shall be appropriate to the magnitude illicit behavior identified.
- c. The Company shall implement a “Know Your Customer” procedure which tracks pertinent information – as it applies to AML and CFT protocols -- about its business partners such as: name, location, size (number of employees), business structure (e.g. publicly traded, subsidiary, private, etc.), taxpayer ID, date of establishment, banking information, references, and source of material.
- i. The Company should avoid suppliers that have not been recommended by a trusted partner or associate.
- d. The Company shall screen suppliers and potential suppliers against published watch lists such as: the US Department of Treasury, Office of Foreign Asset Controls Specifically Designated Nationals List; the US State Department Foreign Terrorist Organization List; HM Treasury Consolidated List of Financial Sanctions Targets in the UK; the United Nations Consolidated List established and maintained pursuant to resolutions 1267 (1999) and 1989 (2011) with respect to individuals, groups, undertakings and other entities associated with Al-Qaida.
- e. The Company, as required by law, shall maintain necessary compliance with the sections of H.R.4173 - Dodd-Frank Wall Street Reform and Consumer Protection Act that relate to the financing of conflicts in the Democratic Republic of Congo (DRC) or an adjoining country.
- f. The Company shall conduct training related to AML and CFT protocols appropriate to the size, scale, and type of operation.

5.2.2.4. Anti-Bribery and Anti-Corruption

- a. The Company shall have a stated zero-tolerance of corruption policy that covers the Company and its business partners and is communicated to relevant parties where appropriate including employees, customers, suppliers, and business partners.
- b. The Company shall have a code of conduct on bribery, corruption and unethical practices that covers the Company and its business partners.
- c. The Company shall conduct a risk assessment to identify potential sources of bribery, corruption, or other unethical practices.
- d. The Company should devise, adopt, implement, monitor, and evaluate an anti-bribery program appropriate to the size, scale, and type of operation.
- e. The Company shall use internal accounting and auditing procedures to demonstrate successful implementation of anti-corruption measures.
- f. The Company shall maintain a mechanism through which incidents or attempted incidents of bribery, corruption, or unethical practices can be freely reported without fear of reprisal.

- g. The Company shall report its anti-corruption measures at least annually to relevant parties where appropriate including employees, customers, suppliers, and business partners.
 - i. Responses to incidents shall be appropriate to the magnitude of the infraction.
- h. The Company should encourage each of its suppliers to develop and implement appropriate anti-corruption measures.

5.2.3. Workplace Requirements

5.2.3.1. Involuntary labor

- a. The Company shall have available objective evidence demonstrating that it does not engage in or support the use of forced, compulsory, bonded, trafficked or otherwise involuntary labor as defined in ILO Convention 29 either directly or through contracted labor.
- b. The Company shall not employ child labor, defined as any persons under the age of 15 or whatever age is defined as the minimum working age under local or national law, whichever represents the higher standard.
- c. The Company shall document the age, work undertaken, hours worked and salary details for all minors (workers under 18 years of age).
- d. The Company shall have and implement age-verification procedures and retain copies of identification and other documents submitted by a worker as proof of age.
- e. Workers at the Company shall maintain control over their identity documents.
- f. Workers shall not be required to make a monetary deposit as part of the employment contract (that could prevent workers from freely and legally ending their employment).
- g. Workers shall be provided with rest days and have working hours consistent with local regulations or international norms (whichever is the higher standard).
- h. No part of workers' salary, benefits or property shall be retained in order to force them to work (including fines when a worker legally terminates their employment contract) or restrict their movements.
- i. Spouses or children of the workers shall not be obliged to work for the Company.
- j. Workers shall be allowed to leave their employment after due notice according to their contractual agreements.
- k. Workers shall be allowed to leave Company premises freely and without penalty at the end of their work shifts and under other reasonable circumstances, such as personal or family emergencies.

5.2.3.2. Hiring and Employment Practices

- a. The Company shall demonstrate the legal right of each worker to work in the country.
- b. The Company shall have a stated policy on fair employment practices.

- c. The Company shall provide workers with a written agreement describing the terms and conditions of employment.
- d. The Company shall demonstrate that the terms and conditions of employment (including, but not limited to, hiring, training, job assignments, pay, benefits, promotion, termination, and retirement) are based on an individual's ability and experience.
- e. The Company shall not discriminate based on gender, sexual orientation, age, religion, marital status, race, social background, diseases (including HIV status), disability, pregnancy, ethnic and national origin, nationality, membership in worker organizations, or any other personal characteristic.
- f. The Company shall not require female applicants, contract workers, or permanent workers to be tested for pregnancy unless the Company is required to do so by law.
- g. The Company shall make reasonable accommodations in job conditions for pregnant, post-partum, or lactating women (such as job reassignments to non-hazardous or lighter work, provision of seating, extended breaks, etc).
- h. The Company shall provide maternity leave with compensation in accordance with applicable local, national or industry standards, with a guarantee of return to the same or equivalent position at the same or higher wage at the end of the maternity leave.
- i. The Company shall establish a policy and procedures to ensure that the work environment is free of physical punishment or abuse, and free of verbal abuse or coercion of workers.
- j. The Company shall establish and make workers aware of a written grievance policy whereby workers can communicate grievances – including but not limited to those related to sexual harassment, working hours, working conditions – to management representatives without fear of reprisal.
- k. The Company shall demonstrate that any termination of worker employment has been carried out in accordance with local and national laws.

5.2.3.3. Compensation

- a. The Company shall compensate all workers with wages, overtime premiums, and benefits that meet or exceed local legal standards, local industry standards, or collective agreements, whichever are higher.
- b. The Company shall provide written pay records to workers, clearly stating regular and overtime hours and rates, wages, bonuses, taxes and other deductions.
- c. The Company shall maintain complete written earning records for workers, which at a minimum itemize all wages and deductions in a form that can be audited.
- d. The Company shall pay workers on a regular basis in accordance with national law.
- e. The Company shall only make deductions from workers' wages in accordance with national laws and regulations or a collective agreement.
- f. The Company shall provide workers with paid sick leave and a compensation program that meets or exceeds the local or nationally mandated minimum.

5.2.3.4. Working Hours

- a. The Company shall demonstrate that all overtime is voluntary.
- b. The Company shall ensure that working hours are consistent with local and national regulations and are not excessive. Where the country's laws and regulations do not address standard working hours, the Company shall ensure that the work week does not exceed 60 hours consisting of a maximum of 48 hours of regular work and 12 hours of overtime except where written agreement exists between the management and workers.
- c. The Company shall ensure that workers are not required to work more than 16 consecutive hours in a 24-hour period.
- d. The Company shall allow workers to have access to their own time records.
- e. The Company shall provide workers rest days (at least one day off for every seven-day period) and leave privileges.
- f. The Company shall provide workers with a vacation plan that meets local or national laws, including the observance of national holidays.

5.2.3.5. Freedom of Association and Collective Bargaining

- a. The Company shall have a published policy on freedom of association and collective bargaining.
- b. The Company shall respect the right of workers to choose whether to lawfully and peacefully form or join trade unions (or their equivalent⁵) of their choosing and to bargain collectively.
- c. The Company shall inform workers of their rights to freedom of association and collective bargaining under national laws and the Company's own standards.
- d. The Company shall record and publicly report formal agreements with trade unions (or their equivalent).

5.2.3.6. Health and safety

- a. The Company shall provide workers with a safe and healthy work environment which includes adequate lighting, ventilation and air quality; safe noise levels and temperatures.
 - i. The Company shall establish an indoor air quality testing plan relevant to the industrial processes used in the facility.
- b. The Company shall establish written health and safety procedures, which shall include a mechanism by which employees can discuss health and safety matters with management without fear of reprisal.
- c. The Company shall prepare a summary report of worker accidents / illnesses at least annually.

⁵ This may include "worker committees" where trade unions are prohibited by law.

- d. The Company shall conduct regular fire drills as required by local and national laws and not less than annually.
- e. Aisles and exits shall be kept clear and unblocked at all times and exits shall be clearly marked and unlocked during working hours.
- f. Management and workers shall have immediate access to functional and sufficient firefighting equipment.
- g. Chemicals shall be stored safely and appropriately.
- h. The Company shall issue appropriate and sufficient personal protective equipment (PPE) free of charge to all applicable workers and instruct workers on its proper use on an annual basis, at minimum.
- i. The Company shall recognize the right of workers to remove themselves from situations involving the use of chemicals or equipment when they have reason to believe that there is an imminent and serious risk to their safety or health.
- j. The Company shall have and regularly update an appropriate health and safety training program for workers, including the training of a sufficient number of first aiders amongst management and workers.
- k. The Company shall only assign workers who are trained appropriately and authorized to handle and apply chemical agents and operate related machinery.
- l. The Company shall have and maintain records of performance against health and safety targets.
- m. The Company shall not allow workers under the age of 18 to handle potentially harmful chemicals or undertake jobs that inherently have the potential to jeopardize health and safety.
- n. Hazardous chemicals shall be properly labeled or otherwise identified.
- o. The Company shall monitor the exposure of workers to hazardous chemicals.
- p. The Company shall have an emergency preparedness and response plan.
- q. The Company shall establish and maintain suitable decontamination facilities (e.g. eye wash stations, safety showers) for workers.
- r. The Company shall maintain adequately stocked first aid kits and other appropriate medical supplies to address major medical emergencies associated with occupational health risks.
- s. The Company shall maintain sufficient first aid boxes (at least 1 per 100 employees) which are consistently monitored and refilled as necessary.
- t. The Company shall have an appropriate maintenance program and maintain a record of maintenance work requests and completed work.
- u. Workers shall have access to safe drinking water.

- v. Restrooms, canteens, food preparation areas, dormitories, etc. shall be maintained in a safe and clean condition.
- w. Adequate workplace hygiene shall be maintained at all times through routine cleaning.
- x. The Company shall possess an appropriate hygiene certificate for its canteen and its workers as required by local and national laws.

5.3 Environmental Requirements

5.3.1. Waste Generation

- a. The Company shall maintain auditable records for the data review period of the amount/quantity, units of measurement, type (e.g. municipal, hazardous, combined wet/solid, etc), and destination for the waste/materials generated and sent to disposal or incinerated.
- b. The Company shall classify hazardous material as any material specifically listed by the US EPA (40 CFR Part 261.31 – 261.33) or the Basel Convention (Annex I) as a hazardous material, or exhibiting a property consistent with the hazardous characteristics identified by the USA EPA (40 CFR Part 261 Subpart C) or the Basel Convention (Annex III).
- c. The Company shall maintain records of the weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.
- d. The Company shall deliver hazardous materials for offsite treatment and disposal only to contractors licensed by an appropriate competent authority.

5.3.2. Emissions to Air

- a. The Company shall conduct regular air emissions monitoring (sampling & testing) as required by local and national regulations.
- b. The Company shall maintain auditable records for the data review period of emissions, by weight, of ozone depleting chemicals covered in Annexes A, B, C, and E of the Montreal Protocol on Substances that Deplete the Ozone Layer.
- c. The Company shall maintain auditable records for the data review period of all six Kyoto greenhouse gas (CO₂, CH₄, N₂O, PFCs, HFCs, SF₆) emissions for the facility under review.
- d. The Company shall maintain auditable records of all US EPA criteria air pollutant emissions (CO, NO₂, O₃, SO₂, PM₁₀, PM_{2.5}, Pb) as well as Cu, Hg, HCl, and Ag for the facility under review.

5.3.3. Energy Inputs

The Company shall maintain auditable records of all input energy (Greenhouse Gas Protocol Initiative Scope I and Scope II) at the facility under review for certification for the specified data review period.

- Energy sources include, but are not limited to, electricity, natural gas, light fuel oil, diesel fuel, residual oil, crude oil, hydrogen, wind, solar, coal.

5.3.4. Water Inputs & Discharges

- a. The Company shall conduct regular wastewater monitoring (sampling and testing) as required by local and national regulations or on a monthly basis, whichever is the more frequent requirement.
- b. The Company shall maintain auditable records of process water inputs, withdrawals, discharges, and net uses at the facility under review for the specified data review period.
- c. The Company shall maintain auditable records of the quality of any wastewater discharges from the facility under review for the specified data review period.
- d. The Company shall have a drainage system in place to convey wastewater to a treatment plant and/or final discharge points.
- e. The Company shall, where necessary, maintain a wastewater treatment process in safe operating condition to avoid any risks to environmental and/or human health.

5.3.5. Hazardous Materials

The Company shall maintain documentation of relevant permits required by local and national regulations for the handling and storage of hazardous materials or substances (see Key Terminology for definition of hazardous materials).

5.3.6. Land Use and Biodiversity

- a. The Company shall obtain appropriate permits for land use and facilities construction as required by local and national regulations.
- b. The Company shall report the location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
- c. The Company shall report any significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
- d. The Company shall report the Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

5.3.7. Noise Pollution

As required by local and national regulations, the Company shall:

- a. Obtain appropriate permit(s) for noise pollution,
- b. Perform noise pollution assessments, and
- c. Conduct regular noise pollution monitoring.

5.4. Requirements for Management

5.4.1 General Requirements

The Company shall provide documentation of an environmental and an occupational health and safety system. At a minimum this system shall include:

- a. An environmental policy;
- b. Training on environmental, health, and safety issues; and

- c. An emergency protocol.

5.4.2. Record Keeping

- a. The Company shall establish and maintain record-keeping procedures to provide evidence of conformity with this Standard's requirements.
- b. The Company shall ensure that records are retained for a minimum of five years and are auditable.

5.4.3. Roles and Responsibilities

- a. The Company shall maintain and communicate clearly articulated roles and responsibilities for management and staff affected by this Standard.
- b. The Company shall appoint a member of the management team to coordinate environmental management activities and shall ensure that this individual receives training appropriate to these responsibilities.

5.4.4. Customer Complaints and Corrective Action

The Company shall establish and maintain documented procedures for implementing preventative and corrective action including:

- a. The effective handling of customer complaints and reports of product nonconformities.
- b. Investigation of the cause(s) of nonconformities relating to product, process, and quality systems, as well as the recording of the investigation's results.
- c. Determination of the corrective action needed to eliminate the cause(s) of nonconformities.
- d. Application of controls to ensure that corrective action is taken and that it is effective.

6.0 Environmental Performance

6.1. Categorical Environmental Performance

6.1.1. Baseline Year

Company performance shall be quantitatively determined by SCS in the following categories:

- a. Environmental Impacts
 - i. Non-renewable energy resource depletion
 - ii. Greenhouse gas loading
- b. Environmental Inventories
 - i. Water use
 - ii. Waste generation

6.1.2 Demonstrated Improvement

- a. After three years of certification, the Company shall demonstrate improved environmental performance through a 10% reduction (on a per unit basis) in at least two categories in 6.1.1. as compared to the baselines established in the first year of certification.
- b. In the remaining two categories, the Company shall demonstrate improved or equivalent performance as compared to the baselines established in the first year of certification.

7.0 Guidelines for Upstream Suppliers

7.1. Suppliers

The Company shall provide and facilitate the availability of upstream supplier information relevant to the certified claim(s). For the purpose of this Standard, only direct suppliers to the Company will be evaluated.

7.2. Risk Assessment

Suppliers will be evaluated based on a risk assessment model developed in accordance with ISO 31000:2009. During a screening process, suppliers that are identified as high risk may be given an opportunity to provide additional information to demonstrate their compliance with the requirements of this Standard.

8.0 Chain of Custody Requirements

8.1. Chain of Custody Requirements

The Company shall comply with the following chain of custody provisions:

8.1.1. Purchase and Receipt

- a. All product claims shall be identifiable on supplier invoices and shipping documents and contain a valid SCS Responsible Source certification code linked to the product description.
- b. The validity of certification codes shall be regularly confirmed with SCS.

8.1.2. Material Tracking

- a. The Company shall employ a secure system of tracking for all qualifying material in products to be sold with a certified/verified claim.
- b. Each material/product shall be clearly identifiable by its certification status while staged or stored on-site.
- c. Each material/product shall be clearly identifiable by its certification status throughout manufacturing and processing.

8.1.3. Record Keeping

- a. The Company shall maintain up-to-date records on products distributed and/or sold with a claim.
- b. The Company shall maintain a general description of products including all qualifying material contained within them.
- c. For each product, the Company shall maintain all applicable records demonstrating the legal sale, transport, and/or export of each component with a claim.

8.1.4. Material Accounting

- a. The Company shall maintain an up-to-date account of all input and output quantities by claim.
- b. All product purchases, inventory in stock, and final sales to customers shall be calculated on a monthly basis by claim.
- c. The Company shall provide conversion factors for all products with claims to demonstrate how input volumes are converted to output volumes during any process of transformation.

8.1.5. Product Identification

- a. The Company shall have a system for identifying products by claim that are sold, shipped, and/or transferred to other entities.
- b. The Company should mark products by claim with its unique certification code.
- c. The Company shall clearly and correctly identify each verified product on invoices and shipping documents by including its unique certification code and linking it to the product line item description.
- d. The Company shall ensure that all labels or marks referring to the certified or verified claim comply with the licensing and copyright restrictions of the relevant system.

9.0 Certification and Continued Conformance

9.1. Certification

Once a Company qualifies for certification based on conformance with this Standard, a 'Responsible Source' certificate and/or a 'Responsible Source Certified Gold' and/or a 'Responsible Source Certified Silver' certificate of achievement is issued as applicable. Certificates are valid for one year, provided that the Company maintains conformance with the requirements.

9.2. Continued Conformance

An annual renewal audit to demonstrate continued conformance with this Standard is required if the Company wishes to continue making a certified claim.

10.0 Marketing Requirements

10.1. National Requirements

All uses of the SCS Certification Certificate or references to the certification in advertising and marketing shall be conducted in conformance with U.S. Federal Trade Commission guidelines, or other national guidelines if outside of the U.S.

10.2. SCS Requirements

The Company shall comply with the requirements of the *SCS Certification, Validation and Verification Program Labeling and Language Guidelines* at all times.⁶

11.0 Complaints, Appeals and Disputes

All complaints, appeals, and disputes are handled in accordance with the *SCS Complaint, Appeals and Disputes Procedure*.⁷

⁶ Provided as a supplement to the SCS Assessment Services Agreement. This document is also available on the SCS website at: www.scscertified.com and upon request.

⁷ Provided as a supplement to the SCS Assessment Services Agreement. This document is also available on the SCS website at: www.scscertified.com and upon request.

Annex A – Requirements for Mined Material

When sourcing concentrates, unrefined metals, or refined metals from mining operations, the Company shall demonstrate that the environmental and social impacts of production have been taken into consideration.

I. First Year Requirements

After one year of certification, and each year thereafter, the Company shall demonstrate that it does not source from projects that:

- a. Fail to comply with applicable host country laws and regulations (including but not limited to those related to labor, immigration, health and safety or the environment).
- b. Produce mineral or derivatives that are determined by the Secretary of State to be financing conflict in the Democratic Republic of the Congo (DRC) or an adjoining country (H.R.4173 - Dodd-Frank Wall Street Reform and Consumer Protection Act).⁸
- c. Have not completed a comprehensive and credible Environmental and Social Impact Assessment (or equivalent) whether required by national laws or not.
- d. Do not have an appropriate closure and reclamation plan that is backed by a financial plan to underwrite current and future costs of closure and reclamation.
- e. Have received citations, infractions, or fines for non-compliance with environmental or social regulations and standards within the last three years.
 - i. If the above requirement is not met, the mine operator has reported any corrective actions undertaken in response to the citation(s) or infraction(s) received and these corrective actions demonstrate effective resolution of the issue of non-compliance.
- f. Dispose of tailings:
 - i. In surface waters (with the exception of dredged material in non-flowing water bodies such as natural and man-made lakes or ponds where such a practice is proven to be environmentally acceptable), or
 - ii. In the marine environment (unless mining production is from the marine environment, e.g. offshore dredging and such disposal of tailings is proven to be environmentally acceptable).
- g. Operate in World Heritage Sites and sites of critically important biodiversity, including Alliance for Zero Extinction sites and protected areas categorized as I and III under the IUCN system of Protected Area Management Categories.
- h. Use mercury in an uncontrolled fashion (e.g. heating of gold amalgam and venting to atmosphere).

⁸ This definition may be extended to include other countries should new conflicts arise in the future.

II. Third Year Requirements

After the third year of certification, and each year thereafter, the Company shall demonstrate that it preferentially buys from projects that:

- a. Have policies, practices, and staff training in place that uphold human rights, encompassing forced, compulsory, or child labor; fair remuneration; harassment and discrimination; freedom of association and collective bargaining; and employment conditions.
- b. Where applicable, have obtained free, prior, and informed consent from indigenous peoples prior to project initiation.
- c. Use a recognized comprehensive environmental management system (e.g. ISO 14001) with integrated or standalone consideration of biodiversity issues.
- d. Formally, through documented practices and procedures, implement the mitigation hierarchy throughout the project lifecycle (avoid, minimize, or reduce adverse impacts on human health and the environment).
- e. Are certified under the International Cyanide Management Code (ICMI) Verification Protocol or have formally begun the process of becoming certified (where cyanide is used).
- f. Have a publically documented greenhouse gas emission reduction goal, and report annually using a credible reporting protocol.
- g. Have documented practices and processes for wide stakeholder consultation prior to project initiation and throughout the mining lifecycle.
- h. Have processes in place to engage with and address the grievances of communities directly affected by the project on an ongoing basis, which is implemented in an inclusive and culturally appropriate manner.
- i. Avoid involuntary resettlement of communities.
 - i. Where resettlement occurs, the mining project shall compensate the community so as to restore or improve the livelihoods, standards of living, and living conditions of displaced people.
- j. Have and implement a program of restoration and rehabilitation of disturbed areas.
- k. Have a net positive impact on biodiversity or that offset residual impacts on biodiversity using credible methodology.
- l. Have developed or are developing an Emergency Response Plan, in collaboration with local communities and relevant agencies, pursuant to guidance provided by Awareness and Preparedness for Emergencies at the Local Level (APELL).
- m. Require sub-contractors to adopt and work to the mining projects' environmental and social standards

III. Third Year Requirements

After the third year of certification, and each year thereafter, the Company shall demonstrate that it preferentially buys from entities that meet three of the following conditions:

- a. Are signatories to the Voluntary Principles on Security and Human Rights.
- b. Are signatories to the Global Compact.
- c. Are signatories to the World Economic Forum's Partnering Against Corruption Initiative.
- d. Annually publish an externally assured environmental and social performance report using the Global Reporting Initiative guidelines and sector supplement, and AA1000 Assurance Framework, or equivalent process.
- e. Disclose all taxes, fees, and royalties in accordance with the principles established under the Extractive Industry Transparency Initiative (EITI).