



OECD Conformance Assessment Summary

Better Sourcing Program

MAY 2016

Introduction, Objectives, and Brief Description

Business for Social Responsibility ("BSR") is a global nonprofit organization that works with its network of more than 250 member companies to build a just and sustainable world. From its offices in Asia, Europe, and North America, BSR develops sustainable business strategies and solutions through consulting, research, and cross-sector collaboration.

The Better Sourcing Program ("BSP") is an independent mineral supply chain due diligence implementation and assurance program, designed to ensure upstream supply chain compliance with international standards, and provide a framework for the sustainable procurement of materials from areas where mining can significantly contribute to local development.

The Better Sourcing Program ("BSP" or "the Program") requested that BSR conduct an independent third party review of BSP documentation to assess the degree of alignment between BSP's documented processes with international standards, specifically the upstream (mine to export) aspects of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("OECD DDG") and the Supplement on Tin, Tantalum, and Tungsten ("3T Supplement;" collectively "the Guidance"). BSR's review was intended to:

- 1) Identify gaps between BSP documentation and upstream (mine to export) aspects of OECD DDG and 3T Supplement, and
- 2) Develop a roadmap for BSP to align with upstream aspects of OECD DDG and the 3T Supplement.

During this process, BSR closely reviewed the expectations contained in the OECD DDG and 3T Supplement, then conducted a desk-based review of BSP core documents, mapping them against the OECD Guidance and 3T Supplement. Our assessment of BSP alignment with OECD DDG followed an iterative process that included identifying existing or potential gaps to BSP, followed by BSP submission of additional documents or update of the core documents previously submitted, and subsequent BSR review of the new documentation.

Findings and Limitations

Based on BSR's review process of BSP core documentation as of April 30, 2016 (discussed below), nothing has come to our attention that we would consider to be a gap between BSP's stated processes and the OECD DDG and 3T Supplement. We believe that a review of BSP's processes in actual practice would be necessary to further substantiate the Program's alignment with the OECD DDG.

BSR has reviewed BSP documentation based on our familiarity with the OECD DDG and the Supplements, with the aim of improving the Program's alignment with recognized international standards. We note that BSR is not a formal auditing or assessment organization. Our responsibility in performing this review is to BSP only, and in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organization.

Summary of Methodology

BSR followed an iterative process with BSP during this review, in which we highlighted and reviewed potential gaps between BSP's framework and the OECD DDG, followed by BSP review, revision of documentation as needed, and re-submission to BSR. Overall, this process consisted of:

- 1) BSP development of initial gap analysis and submission of analysis and core documents to BSR.
- 2) BSR review of expectations contained in OECD DDG and 3T Supplement. This included identification of key areas to review for potential gaps and review of applicability of elements of the Guidance.
- 3) Detailed BSR review of BSP initial gap analysis, and mapping of BSP core documents to the OECD DDG and 3T Supplement. In this step, core BSP documents reviewed by BSR (listed in the Detailed Methodology supplement) were reviewed against each specific element within the Guidance.
- 4) BSR engagements with OECD and other organizations, such as the CFSI, to better understand their processes and expectations of "upstream" assessment programs for alignment with OECD DDG.
- 5) BSR submission of questions, potential gaps, and recommended document updates to BSP, followed by BSR-BSP discussion.
- 6) BSP update of documentation as needed.
- 7) BSP submission of additional and updated documentation to BSR.
- 8) BSR review of updated BSP documentation against the previously identified questions or gaps.
- 9) Development of a final BSR perspective on BSP alignment with the OECD DDG and 3T Supplement.

This work involved staff that have led BSR's conflict minerals work for more than six years, as well as staff that have worked extensively on human rights and supply chain issues, including support for assessment work through BSR's Bettercoal and Railspnsible efforts.

BSR reviewed and offers its perspective only on BSP documents listed in this document's supplement as of April 30, 2016. This includes documents such as the BSP Standard, the Standard BSP Services Agreement and the Model Supply Chain Policy. Due to the pre-export pilot phase BSP is in, we were able to review the BSP template documents and not yet "implementation-linked documents" or BSP client documents such as signed services agreements or adopted supply chain policies, nor did we conduct site visits or interviews with BSP clients implementing the Program, or with stakeholders. However, BSP has at no case suggested that we would not have access to the information contained therein once BSP moves into full implementation phase.

Greater details of the analysis methodology, including the specific gap analysis tool used, can be found in the main conformance assessment report.

Conclusion and Recommendations

As noted on the first page of this document, nothing has come to BSR's attention that we would consider to be a gap between BSP's stated processes and the OECD DDG and 3T Supplement. Having said that, we did not conduct a review of the Program's processes in actual practice, and we believe that such a review would be necessary to further substantiate the Program's alignment with the OECD Guidance.

BSR recommends several elements for further development and strengthening of BSP's approach. First and most significantly, we recommend that BSP continue to engage with independent parties to review and provide credence to the Program at set intervals. Such engagements should be strengthened by engaging with a reputable third party verification or auditing organization (again noting that BSR is not a verification or auditing organization), and should review in-process efforts and documentation, in addition to any updates in BSP core documents reviewed here by BSR.

In addition, we recommend that BSP continue to report on its efforts and status, including the results of third party review. Independent review and public reporting will continue to enhance the legitimacy of the Program and reassure outside parties that the Program is effectively addressing issues faced in mineral supply chains affected by conflict. We note that such measures are not an expectation for alignment with OECD, but should strengthen the Program's legitimacy in the eyes of downstream material users and other stakeholders.

Finally, we note that assigning authority and responsibility to senior staff with necessary competence, knowledge, and experience is clearly instructed in BSP documents such as the Model Supply Chain Policy and BSP Standard Services Agreement, and there may be an opportunity to make this point even more forcefully by placing it into the BSP Standard as a status criterion covering "responsibility and accountability."



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About BSR

BSR's mission is to work with business to create a just and sustainable world. We envision a world in which everyone can lead a prosperous and dignified life within the boundaries of the Earth's natural resources.

Theory of Change

BSR believes that a just and sustainable world will result when the unique skills and resources of all sectors—business, civil society, and government—are aligned toward that goal. The role of business is to create and deliver products and services in a way that treats people fairly, meets individual's needs and aspirations within the boundaries of our planet, and encourages market and policy frameworks that enable a sustainable future. BSR's role is to catalyze change within business by integrating sustainability into strategy and operations, and to promote collaboration among companies and their stakeholders for systemic progress toward a just and sustainable world.

Value Proposition

BSR is a global nonprofit business network dedicated to sustainability:

1. We are global in mindset, staffing, and activities. ☐
2. We have deep expertise in social and environmental issues across industries and regions. We understand the connections between these issues as well as the diverse perspectives of business and stakeholders. ☐
3. We are practical. Working from farm to factory to boardroom, we translate ideas into real outcomes that deliver value for business and society. ☐
4. We build collaboration. We understand that systemic answers to interlocking challenges demand collaboration—and we know how to bring multiple stakeholders to the table to make it happen. ☐
5. We strive for positive social and environmental impact in all the work that we do.

For more information, please contact BSR
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