# TIN CODE EQUIVALENCE PROCESS

## 1. INTRODUCTION

The Tin Code is the established global environmental, social and governance (ESG) sustainability reporting system for the tin industry, currently with approximately 72 Standards depending on the company type and circumstances of operation. To ensure efficiency for participating companies, the Tin Code maximises the use of existing company evidence to determine the participant's Tin Code ratings. This includes assurance evidence from external systems submitted to achieve a Tin Code rating of ***'Third-Party Verified'***.

To maintain the credibility of the ***Third-Party Verified*** rating, the scope and standard requirements of any external system must be known and equivalent to the relevant Tin Code Standard. The external system's assurance processes must also be known, with key actions equivalent to the Tin Code's Assurance process.

This document describes how the International Tin Association (ITA) reviews the equivalence of external systems against the scope, requirements and assurance processes of the Tin Code at a **system-level**. It also describes how the Tin Code's Independent Assessor uses information from system-level equivalence assessments and **company-level** evidence to validate implementation and assign a Tin Code rating.

## 2. PURPOSE

The overall objectives of the Tin Code equivalence process are to:

- Maximise efficiency for participating companies by accepting equivalent evidence from external systems
- Streamline evidence requirements under the Tin Code
- Avoid duplication of requirements and re-assessment against Tin Code Standards that can be rated based on third-party assurance
- Ensure the ongoing credibility of the Tin Code for all stakeholders

This process considers equivalence of the written expectations of individual standards. It does not describe in detail a methodology of full cross-recognition (see **Section 7**).

## 3. OVERVIEW OF ASSESSING EXTERNAL SYSTEMS USED BY TIN CODE PARTICIPANTS

Evidence for each of the ~72 Tin Code Standards is separately validated at company-level by the Independent Assessor to determine the 'rating' for each Standard. There are 5 ratings available to participating companies which represent a scale of progressive improvement from ***Inadequate*** to ***Third-Party Verified***. In some cases, a rating of ***Not Relevant*** can also be assigned.

To achieve the rating ***Third-Party Verified*** evidence must arise from established[1] auditing or assurance systems. For example, many tin companies tend to be assessed against ISO 9001 (Quality Management), ISO 45001 (Health and Safety) and ISO 14001 (Environmental Management). Evidence arising from these ISO audits where the scope, requirements, and system's assurance processes are clearly documented is frequently used by the Independent Assessor when determining ratings against the relevant Tin Code Standards.

Similarly voluntary industry systems, including external responsible sourcing systems such as the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains or the Responsible Minerals' Assurance Process, may

[1] The equivalence of evidence from government enforcement or regulatory compliance checks from different jurisdictions are taken into account in rating assessment but are not addressed in this process.

be used to provide evidence under Tin Code Standard 7.3 (Responsible Sourcing). Noting that Standard 7.3 is one of the Tin Code ***Priority Standards*** and it explicitly requires assurance evidence.

ITA may choose to evaluate frequently used external systems for system-level equivalence against the Tin Code. This helps the Independent Assessor understand how closely the external system's scope, requirements and assurance processes align with the Tin Code and how they are expected to be applied.

It avoids the need for the Independent Assessor to go through the process of understanding and re-evaluating external systems each time during a company's Tin Code validation. The ITA process for equivalence of external systems at system-level is explained in **Section 4**.

The Independent Assessor then reviews the actual assurance results based on company evidence in the same way as they would for results from Tin Code assurance as described earlier in this section. The Assessor does not require all background evidence and does not re-audit companies who have already undertaken a relevant and equivalent external audit process. **Section 5** describes the types of implementation evidence from external systems that each company is required to submit for each Tin Code validation.

## 4. ASSESSING SYSTEM-LEVEL EQUIVALENCE TO THE TIN CODE

To determine system-level equivalence, ITA reviews the external system's scope, requirements and assurance processes against the relevant Tin Code Standard. This includes any specific recommended criteria under the Tin Code where relevant such as the ***Assessment Criteria for Tin Smelting Companies*** under Standard 7.3 Responsible Sourcing. If the equivalence process identifies differences or gaps in requirements, these are expected to be addressed by the company with their chosen audit firm such as by extending the scope of an existing audit to cover the gaps against the Tin Code (see **Section 4.4**).

Even where full system-level equivalence is confirmed, the company-level information as set out **Section 5** is still required for the Independent Assessor to review quality of evidence from the external system's implementation and to determine ratings for the relevant **Tin Code Standard(s)**.

### 4.1 Selection of systems for the equivalence process by ITA

ITA may decide to review an external system for equivalence if assurance evidence from that system is submitted on a regular basis by participating companies. This supports the objectives outlined in **Section 2** around efficiency and similar benefits.

Requests for equivalence may also be submitted by companies participating in Tin Code reporting and by system owners themselves. These requests will be considered based on the likely adoption by all Tin Code participants, and the relevance of assurance evidence from that system to the standards of the Tin Code. For direct requests for equivalence assessment from Tin Code participants or external systems, the requesting party will bear the associated costs.

### 4.2 Information required for the equivalence process by ITA

Documents and information for determining system-level equivalence must include;

- Documents explaining the scope of the external system (e.g., types of activities, geographies and companies in scope, alignment to any international regulations or frameworks such as OECD Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas 3T Supplement)
- Publicly available, most up-to-date, and definitive standard compliance requirements of the system

- Publicly available documents describing the system's assurance or audit processes (e.g. assurance manual)

Applications for equivalence can be submitted to: tincode@internationaltin.org. ITA will consider all requests and revert to the relevant party within 3-months with a decision on whether to initiate the equivalence process and any contribution to costs where relevant.

### 4.3 Method of the equivalence process by ITA

The initial equivalence mapping of the external system is performed by a Sustainability Specialist with experience in the benchmarking of sustainability standards and assurance frameworks. The Specialist maps the text of the scope and standard requirements of external systems against the relevant Tin Code Standard(s) and reviews the system's assurance processes:

- For **scope & standard** requirements, this entails identifying and matching individual indicators from each document and recording an initial determination of the equivalence.
- For review of **assurance processes**, this entails comparing whether the external system's processes cover key requirements from the Tin Code's Assurance Process (ISAE 3000) such as checking and ensuring auditor qualifications.

The mapping can result in any of the following outcomes regarding scope, requirements and the assurance process:

- **'Fully Equivalent'** means that the system's requirements are considered functionally identical to the requirements of the Tin Code.
- **'Partially Equivalent'** refers to cases in which a gap exists, for example because of differences in language used or measurements required (for example quantitative versus qualitative). In such cases, additional information or extending the scope of the audit to include the gaps is needed to achieve full equivalence.
- **'Incompatible'** refers to cases in which the external system contains unfeasible or unjustified requirements compared to the Tin Code.
- **'Not Applicable'** is where the scope of the external system is not relevant to the Tin Code for example because it does not apply to tin mining, smelting or recycling companies.

Once the initial equivalence mapping is completed, the results are checked by, and discussed with, Senior Sustainability Staff for quality control purposes and to consider impacts of detailed interpretation questions including any assumptions regarding specific decision-points. The equivalence results are recorded, in particular any partial equivalence or incompatibility, and any steps for resolution.

The Independent Assessor also reviews the results of the equivalence mapping and provides expert feedback which ITA will consider when making the final determinations on system-level equivalence.

### 4.4 Resolving partial equivalence and ongoing steps

In case partial equivalence or incompatibility are determined and recorded, efforts are made to resolve those differences where possible. It is recognised that questions may arise due to different scopes, different standard requirements, different assurance approaches or other factors. It is also recognised that the requirements of external systems may in some cases exceed the Tin Code, and vice versa.

Examples of follow-up actions which ITA may undertake;

- Consider original standard language to identify possible translation differences
- Consider whether the external system's assurance process is effectively intended to achieve the same result or level of assurance as under the Tin Code even if they use different standards (e.g., ISO 9001 versus ISAE 3000)
- Create guidance with the aim of enhancing understanding of minor gaps
- Engage in discussions with the external system owner for clarifications to close gaps
- Lay out additional evidence requirements to close gaps to enable use of evidence from the external system where it is partially equivalent.

Where the external system exceeds Tin Code requirements, if the additional requirements can be achieved through practical measures and are likely to drive improved ESG performance of tin mining, smelting and/or recycling companies, ITA may consider taking these into account into future revisions as part of its separate Tin Code Standards Development Process.

ITA will review the equivalence outcome annually to ensure it remains up to date.

### 4.5 Communication of the outcome

Once the equivalence review is complete, and all relevant fees are paid as applicable, ITA will communicate its equivalence decision to the requesting party and the external system owner within 2-weeks. Where gaps remain, ITA will agree a timeline to address them with the aim to finalise the equivalence process within 9-months. Once a final decision is made, ITA will notify all Tin Code participants, the Independent Assessor, the system owner and the public within 1-month.

## 5. EVIDENCE FOR COMPANY-LEVEL TIN CODE ASSESSMENT AND REPORTING

A company's Tin Code report provides a performance rating against each of the ~72 Standards (as relevant). The Independent Assessor assigns the rating based on submitted company evidence. If ***Third-Party Verified*** ratings are possible, the Independent Assessor considers both the company performance <u>results</u> from the external system's verification, and the implemented <u>scope</u>, <u>quality</u> and <u>consistency</u> of the external verifications. The Independent Assessor will also review the evidence to ensure any gaps identified during the system-level equivalence process have been addressed by the company.

Evidence required typically includes external verification information such as;

- Any public company report and policies
- Any public summary audit or assurance report
- Any public or confidential full audit or assurance report
- Above documents to contain essential details such as;
    - the specific site in scope of the audit
    - date and duration of the audit visit and report
    - name of audit firm and auditor(s)
    - auditor(s)' qualifications
    - summary of work performed including the scope
    - findings, issues and opportunities for improvement identified

For evidence requirements for specific Tin Code Standards please refer to separate **Annex(es).**

The final decision on a Tin Code rating based on evidence from external systems lies **solely** with the Independent Assessor. If the evidence shows that already identified system-level gaps have not been addressed, or the actual implementation at company-level was not as expected based on system level equivalence in **Section 4**, this may impact the Tin Code rating and will be noted in the public Tin Code Report. For example, if the external system's audit excluded specific operations expected from the review of their assurance processes and covered by the Tin Code, or if the auditor missed material issues even if they had been fully trained and 'certified' or approved by the external system.

If the Independent Assessor identifies repeated implementation or quality issues with an external system, ITA will first review the equivalence results to see if any changes are required and new gaps noted. Following this ITA may request additional evidence from participating companies to fill the gap such as additional auditor qualifications if competency or training gaps are suspected. Where appropriate, ITA will also encourage companies to notify the external system owner directly of these issues and request necessary improvements to support use of third-party assurance for the Tin Code.

### 5.1 Mutual acceptance of audit evidence

ITA is keen to encourage the use of results from the Tin Code under external systems. External systems may range from those that are accredited and overseen by a national body (such as ISO certifications) to unaccredited voluntary systems and schemes.

In the case of unaccredited voluntary systems, if the system shares a similar purpose and scope to the Tin Code, mutual acceptance of evidence will be encouraged through direct discussions with the system owner. ITA would anticipate providing similar system-level information to the external system owner as has been described in the above **Section 4** of this document to enable that system-owner to understand the scope, standard requirements and assurance process of the Tin Code. Tin Code participants may then choose to provide the company-level information described in **Section 5** to the mutually equivalent external system for potential listing under that system.

Any mutual declaration of equivalence is strictly limited to the functional comparability of the systems' scope, public standard requirements and audit processes and does not confer, impact or imply any additional rights, liabilities, or obligations between the respective system owners. Joint communications and other collaborations with other system owners may also be considered.

## 6. NOTE ON THE CHALLENGES OF 'FULL CROSS-RECOGNITION' OF TIN CODE'S RATING WITH EXTERNAL SYSTEMS

The Tin Code does not grant 'automatic' recognition of compliance results from external systems (i.e., conformance listing or status) as equivalent to Tin Code ***Third Party Verified*** rating, regardless of whether such recognition has been granted by other organisations[2]. Similarly, while independent, transparent and documented recognition by other organisations such as the European Commission will facilitate Tin Code equivalence, this does not replace this Tin Code Equivalence Process. This is because the Independent Assessor must always be able to assess the quality of the external system's results at company-level to ensure they meet the relevant Tin Code Standard to obtain a ***Third-Party Verified*** rating.

[2] For more details see FAQ on Company Responsibilities, Industry Schemes, OECD Alignment and Other Recognition 2408-Scheme-AA-Recognition-FAQ_v1.pdf

ITA understands 'full' cross-recognition, which would enable the automatic acceptance of the ultimate rating or listing of companies from other systems as equivalent to Tin Code ***Third Party Verified*** rating, to require a full, in depth and on-going understanding between the Tin Code and the external system. Where systems have different scopes, aims or governance, this can be challenging including due to increased limitations of data and information sharing.[3] Consistent implementation of the externa standard is also fundamental to enabling full cross-recognition.

External systems interested in full cross-recognition are encouraged to contact ITA to discuss the potential of establishing a separate cross-recognition agreement. For the reasons set out above, full cross-recognition is a resource-heavy process involving exhaustive review of the external system's governance, guidance, and auditor training, and continuous monitoring to ensure that the conformance listing of the external system can be considered as fully equivalent without further review of individual company implementation by the Independent Assessor. Full cross-recognition is therefore not always considered efficient nor a requirement, and companies can readily submit evidence from system-level equivalent programmes under the normal Tin Code validation process.

ITA Ltd reserves the right to amend or update this procedure at any time.

**TABLE 1. SUMMARY OF EQUIVALENCE**

| LEVELS | DOCUMENTS REQUIRED | OUTCOME | COVERS |
|---|---|---|---|
| **SYSTEM-LEVEL EQUIVALENCE** | System's scope<br>Public standard compliance requirements<br>Public assurance process | Equivalence of the standard and assurance process to the Tin Code | Shows where the external system is expected to be equivalent to the Tin Code, assuming full and effective implementation. |
| **COMPANY-LEVEL EQUIVALENCE** | Public company report and policies<br>Public audit report<br>Confidential management report etc containing relevant details | Proof of effective implementation to maintain equivalence to the Tin Code | Checking the actual scope, quality, consistency of the evidence submitted to generate a rating for each Tin Code Standard and equivalence of evidence. This includes checking how any identified gaps (partial equivalence) from the system-level have been addressed. |
| **FULL SYSTEM-WIDE CROSS-RECOGNITION FOR AUTOMATED ACCEPTANCE *(AGREED ON A CASE-BY-CASE BASIS)*** | *In addition to above system-level equivalence:*<br>Internal guidance documents<br>Governance and decision-making including internal quality control processes and how ultimate performance determinations are made | Cross recognition of the entire system (acceptance of the company's conformance listing under the external system without further evidence) | Automatic agreement that the company's conformance listing under the external standard automatically meets the ***Third-Party Verified*** under the Tin Code for relevant Tin Code Standards without further review by the Independent Assessor |

[3] See more in above FAQ.

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| | including decisions on conformance listing etc<br>Auditor training materials<br>Potential shadowing and ongoing review/cooperation |

| **Revisions log** | |
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## ANNEX 1: EVIDENCE FROM EXTERNAL STANDARDS FOR EQUIVALENCE UNDER TIN CODE STANDARD 7.3 (RESPONSIBLE SOURCING)

### 1. INTRODUCTION

Tin Code Standard 7.3 (Responsible Sourcing) expects that: Companies [1,2] will evaluate potential risks, seek to avoid support to conflict, human rights and other significant abuses and publicly report on their efforts according to international expectations and laws, in particular, the OECD Due Diligence Guidance 3T Supplement.[3]

1. Companies with smelters will seek to be third-party assessed against recommended criteria
2. Companies without smelters will seek to apply aspects of the recommended criteria relevant to their own circumstances.
3. The criteria recommended for standard 7.3 is the ITA-RMI Assessment Criteria for Tin Smelting Companies v2 (Mar 2021) criteria 7.3. Other criteria may be utilised if deemed equivalent after equivalence checks against criteria 7.3 and 7.3 guidance by ITA experts.

The Standard 7.3 explicitly recommends the *ITA-RMI Assessment Criteria for Tin Smelting Companies v2* (hereafter the '**Criteria 7.3'**). The recommended criteria and Tin Code Assurance Process have been independently assessed as Fully Aligned with the OECD Guidance for Responsible Sourcing of Minerals from Conflict-Affected and High Risk Areas ('DDG') and take into account regulatory requirements such as *Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017, laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas* and determined interpretations agreed between upstream and downstream organisations.

Other organisations may have developed their own standards based on the OECD Due Diligence Guidance although not necessarily on the 3T Supplement. Assurance evidence from those external standards may be used to provide evidence for Standard 7.3 if deemed equivalent to the recommended ***Criteria 7.3*** assessed with the Tin Code Assurance process.

This ***Tin Code Equivalence Process*** describes the process through which ITA reviews the equivalence of external systems against the scope, requirements and assurance processes of the Tin Code at a **system-level** and how the Tin Code's Independent Assessor uses information from system-level equivalence assessments and **company-level** evidence to validate implementation and assign a Tin Code rating.

### 2. PURPOSE

This Annex describes evidence needed for equivalence under Standard 7.3 compared with verification results against ***Criteria 7.3*** using the Tin Code Assurance Process;

- Evidence for system-level equivalence of external responsible sourcing systems such as the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains ('CCCMC'), Responsible Minerals Assurance Process ('RMAP') etc (**Section 3**)
- Evidence for individual company-level Tin Code Standard 7.3 assessment and reporting (**Section 4**)
- Challenges of full cross-recognition of external responsible sourcing systems and the automated acceptance of a company's conformance listing under that system without further review (**Section 5**)

### 3. EVIDENCE FOR SYSTEM-LEVEL EQUIVALENCE UNDER STANDARD 7.3 (Section 4 of *Tin Code Equivalence Process*)

### 3.1 Information required for equivalence process by ITA

Under **Section 4.2** of the process, the information needed for determining system-level equivalence under Standard 7.3 includes:

- Documents explaining the scope of the external system including;
  - Purpose and core activities of the programme relevant to Standard 7.3
  - List or types of participants in the programme such as tin smelters, traders, mining companies etc
  - Types of risks, geographic areas and a list of minerals or materials in scope[4].
- Publicly available, most up-to-date and definitive standard requirements, which establish the compliance requirements of that standard as applied to auditees[5].
- Publicly available documents describing the system's assurance or audit processes (e.g Assurance Manual).

### 3.2 Examples of application of the equivalence method under Standard 7.3

ITA staff undertaking the equivalence checks will be specially trained with knowledge of responsible sourcing requirements and relevant contexts.

When mapping scope, ITA will consider, for example, if the external standard refers to the OECD Gold Supplement and not the 3T Supplement which would inherently create significant differences in requirements. Similarly, if the external system does not assess smelters, but operates at a different level of the supply chain.

When mapping public standard requirements, ITA will consider whether there are any gaps to the recommended ***Criteria 7.3***. For example, if the external standard does not require companies to collect information for red flag review (Criteria 7.3 Step 1C) then it would not be considered 'fully equivalent' as without this information, subsequent requirements of the ***Criteria 7.3*** cannot be reliably fulfilled.

Alternatively, where the external standard may permit the use of alternative international frameworks or other non-explicit means to meet a requirement (e.g. by reference to any general international frameworks on transparency instead of a specific framework like the Extractive Industries Transparency Initiative 'EITI'), ITA will assess whether the scope and intent of the alternative can be considered 'fully equivalent'.

When reviewing the public Assurance Processes, ITA will consider if any key elements are missing or functionally different compared with public assurance processes under the Tin Code, such as lack of a formal process to register auditors with specific expertise in responsible sourcing per the standard's requirements.

As another example, normal audit procedures typically expect auditors to conclude and present their independent findings at the end of each audit visit. If procedures of an external standards system allow significant changes to findings after the audit visit that may impact equivalence.

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[4] A publicly available independent alignment assessment to the OECD Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High Risk Areas 3T Supplement may contain information on the system's policies, scope and implementation which will be taken into account.

[5] It is assumed that guidance documents such as workbooks that are non-public do not contain mandatory requirements for conformance or compliance, in which case they are not required to be disclosed to ITA.

### 3.2 Resolving equivalence and on-going steps

If the external standard has missing or only has partially equivalent requirements to ***Criteria 7.3***, or if the assurance process is not overall equivalent, companies may extend the scope of the audit to cover the missing requirements or gaps from ***Criteria 7.3*** to avoid these gaps being reflected in their final Tin Code rating.

For example, if the external standard requires checking one sanctions list, but ***Criteria 7.3*** requires checking other additional sanctions lists, this may be resolved through the company extending the scope of their existing audit to include the broader sanctions scope required by the recommended ***Criteria 7.3***.

Any external standard requirement that is incompatible with ***Criteria 7.3*** will not be considered, meaning a smelter's non-conformance with that incompatible requirement under the external system won't affect its eligibility for a ***Third-Party Verified*** rating under the Tin Code. As an example, if the external standard required mine-level audits but this isn't an explicit requirement under the ***Criteria 7.3***.

## 4. EVIDENCE FOR COMPANY-LEVEL TIN CODE ASSESSMENT AND REPORTING – (Section 5 of *Tin Code Equivalence Process*)

The following evidence should be submitted by each participating company for Tin Code independent assessment and reporting against Standard 7.3 Responsible Sourcing to understand the implemented scope, quality and consistency of the external verification and to obtain a Tin Code rating:

- Public supply chain policy and public company report ( 'Step 5' due diligence report) which is the version that was audited by the external system
- Public summary audit or assurance report
- Confidential or public full audit or assurance report detailing findings and recommendations
- Confidential listing of mineral/material receipts during the relevant period to assess plausibility and alignment with industry knowledge of the participant's activity, including typical sourcing.
- Above documents to contain essential details such as;
    - the specific site in scope of the audit
    - date of the audit visit and report
    - name of audit firm and auditor
    - auditor qualifications
    - findings, issues and opportunities for improvement identified

The evidence will be used by the Independent Assessor to determine if the actual results of the external verification are as expected by the system-level equivalence mapping, and how any gaps identified have been fulfilled. For example, if the standard expected auditors to check that the smelter implemented on the ground risk assessment and mitigation from CAHRA, but the audit report shows inconsistent findings this may impact the company's individual rating. Similarly, if gaps in the external standard had previously been identified as partially equivalent but the company has not provided any additional audit evidence to cover the missing requirements from ***Criteria 7.3***.

Similarly, despite system-level equivalence if an audit report shows that the actual assessment did not follow the expected standard, this will be factored into the overall Tin Code Rating and included in public reporting.

If evidence submitted by a number of Tin Code participating companies suggest a repeated and persistent issue with the implementation of the external standard, whether in requirements or assurance, such issues will be taken into consideration in the overall equivalence determination. For example, if an external standard explicitly requires auditees to record their risk assessments, but a number of company audit reports do not state there is evidence of the auditee conducting any risk assessment, the results of the external assurance process would be undermined. This would lead to downgrading the external standard's equivalence.

## 5. NOTE ON CHALLENGES OF FULL CROSS-RECOGNITION OF TIN CODE 7.3 RATING WITH EXTERNAL SYSTEMS

Tin Code Standard 7.3 does not grant automatic recognition of results from external verifications such as the Chinese Due Diligence Guidelines or Responsible Minerals Assurance Process even if such recognition has been granted by other institutions. This is because the Independent Assessor must still assess the quality of the results at company-level to maintain the integrity of the Tin Code and assign the appropriate rating.

Full cross-recognition with other systems would require ongoing and in-depth evaluation including of the external system's internal governance and decision-making process to determine ultimate conformance specific to implementation of their responsible sourcing standard and for those conformance listings to be accepted as fully equivalent without further review.

For example, this would involve understanding in detail how the external system's internal quality control process works and how decisions are made to arrive at the final conformance listing. This would need to be reviewed each time changes are made to the standard or to internal guidance affecting interpretations and ultimate conformance determinations. In the case of responsible sourcing, this may be further delayed due to the high-level of complex and sensitive data and increasing restrictions on data sharing. Due to the complexity of this type of 'full' cross recognition is not an approach generally adopted by the Tin Code.

| Revisions log | |
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