Guidance for Suppliers:

Navigating Quality and Effectiveness of

Mining and Supply Chain Standards

Mercedes-Benz

Introduction: Navigating Quality and Effectiveness of Mining and Supply Chain Standards

Desktop version only

The Mercedes-Benz Guidance for Suppliers: Navigating Quality and Effectiveness of Mining and Supply Chain Standards (the "Guidance") aims to support suppliers in identifying the appropriate standard for their purposes. The Guidance is based on an evaluation of Mercedes-Benz AG and is for informational purposes only. It is not binding on Mercedes-Benz suppliers. The relevant antitrust regulations have been observed and taken into account.

We are aware that the standards subject to the Guidance differ in approach and purpose. Applied criteria represent a best practice and have therefore been selected to evaluate a standard's ability to effectively address risks, not its actual impact. The criteria are grounded in published research and have been consulted with external parties including civil society organizations. The research period was closed at the end of July 2023. The evaluation is based exclusively on publicly available information. Mercedes-Benz will review the Guidance annually and encourages exchange with standard setting initiatives for further improvement. For further information, please contact sustainable-procurement@mercedes-benz.com.

Standards have become increasingly relevant in human rights and environmental due diligence in mineral supply chains. Due diligence measures our processes through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts (OECD 2011). Today, a variety of choices exist that differ significantly in their ability to serve as effective instruments for that purpose. While the landscape of standards will continue to evolve, Mercedes-Benz seeks to assist suppliers in identifying the appropriate standard for their purpose. The following Guidance focuses exclusively on the structural ability of standards to serve as effective due diligence instruments. Content and criteria are therefore excluded from the review. Instead, we intent to indicate if a standard, through its governance and procedures, is well positioned to identify and mitigate human rights and environmental risks.

In addition, we hope this Guidance will help clarifying Mercedes-Benz' expectations towards the continuing development of standards. Meeting these expectations will be decisive for the future use of individual standards as requirements in future supplier contracts.

On the following pages, the Guidance reviews eight standards by the following initiatives:

— International Council on Mining and Metals (ICMM)
— The Copper Mark
— Towards Sustainable Mining (TSM)
— Initiative for Responsible Mining Assurance (IRMA)
— Aluminium Stewardship Initiative (ASI)
— ResponsibleSteel Initiative
— Responsible Minerals Initiative
— Responsible Mica Initiative

The review is based on publicly available information only. The review period was closed on 31 July 2023.

Categories

In their entirety, these quality criteria represent a best practice that is currently only achieved by a few standards. The Categories were derived from scientific discussions and analysis (e.g. BGR 2022; Tröster & Hiete 2018). Through our membership in initiatives and associations as well as in direct exchange with suppliers and standards initiatives, we advocate their broad acceptance and work on developing standards as an effective instrument for compliance with due diligence obligations.

For each category a maximum of three points can be achieved.

1

Composition of stakeholders

Standards are intended to ensure a balanced composition of stakeholder groups (including those affected and their representatives) in their governance. This includes equal voting rights in the setting and development of standards.

CRITERIA
Equal voting rights at a minimum for civil society, assessed companies and affected parties

2

Progressivity of the requirements

The requirements of standards should be continuously developed further. In order to ensure a realistic entry for new companies, standards should offer different levels of aspiration.

CRITERIA
Regular revision cycles

Individual requirements reflecting maturity of operation

3

Intensity of audits

Standards should have the most extensive and consecutive audit options possible.

CRITERIA
Self-assessment

Document analysis

Site inspection

4

Independence of auditors

The auditors should be independent of the audited company.

CRITERIA
ISEAL 5.4.2 Independence of oversight

5

Quality of auditors

Standards need to ensure the quality and comparability of audits and to this end provide appropriate assistance and training opportunities for the auditors.

CRITERIA
ISEAL 5.5.2 Building competence

Categories

6 — Involvement of those affected

Standards should systematically provide for the inclusion of directly affected population groups in the vicinity of the mine in the context of audits. There should be a mechanism for interest groups, including those who declare themselves as such, to participate in the audit without limitation.

CRITERIA
Systematic consultation of affected parties within the audit process

7 — Access and participation

Standards should provide suitable means so that stakeholders can actively participate (e.g. in the development of standards) and companies can adequately prepare for the audit.

CRITERIA
Stakeholder specific information material or training

8 — Complaints mechanism

Standards should have a complaints mechanism that those affected can use to lodge complaints in a protected process. This applies, at least, to the implementation of the audits as well as the results of the audits and the type of their publication.

CRITERIA
Complaints mechanisms available

Whistleblowing protection

Target group-centered access

9 — Transparency

Standards should make their structure, processes, content and results of audits publicly available without limitations.

CRITERIA
Standard-setting process

Requirements

Implementation process

Auditors

Assessed companies

Results of audits

Consulted stakeholders within audit

Centralized publication of audit results

Public audits announcement

10 — ISEAL

ISEAL is the global leader in defining and communicating what good practice looks like for sustainability standards through guidance and credibility tools such as the Codes of Good Practice (ISEAL 2014).

Standards should align their procedures and processes according to the ISEAL Codes of Good Practice, and thus enable direct comparison with other standards.

CRITERIA
ISEAL membership

11 — Effectiveness control

Standards are intended to review the effectiveness of audits and any action plans resulting from them. The results of these reviews need to be included into the further development of the standard via a feedback mechanism.
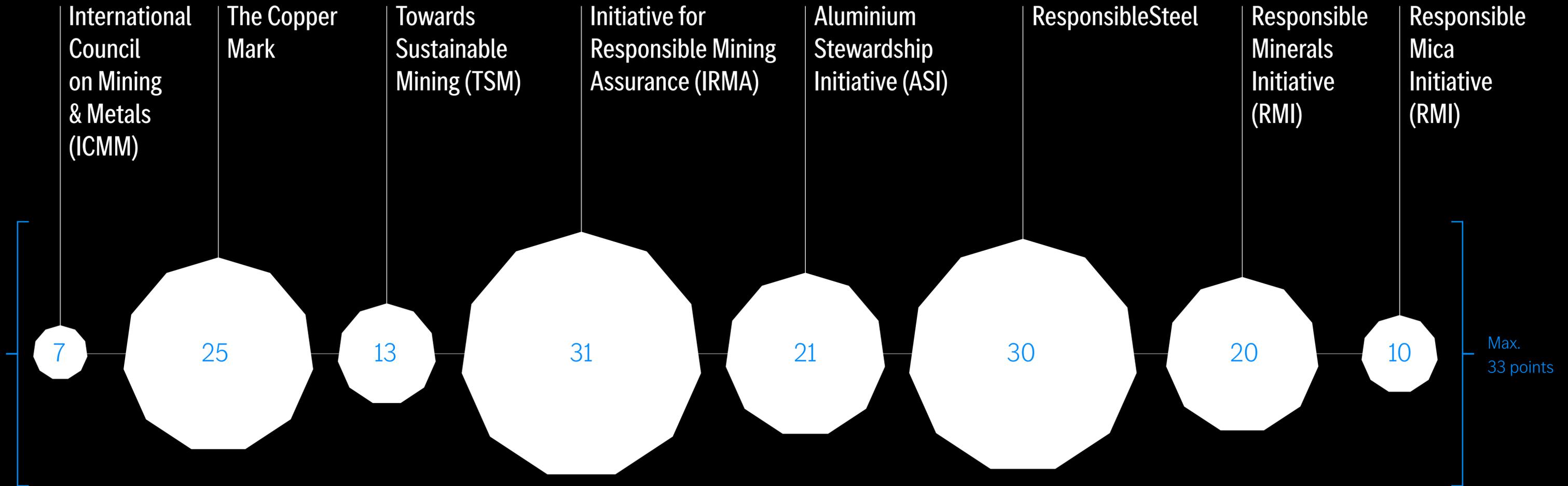
CRITERIA
Basic monitoring process of audits and their impacts

Third party impact assessment of audits and action plans

Formalized feedback process

Overview

International Council on Mining & Metals (ICMM)

The Copper Mark

Towards Sustainable Mining (TSM)

Initiative for Responsible Mining Assurance (IRMA)

Aluminium Stewardship Initiative (ASI)

ResponsibleSteel

Responsible Minerals Initiative (RMI)

Responsible Mica Initiative (RMI)

7

25

13

31

21

30

20

10

Max. 33 points

International Council on Mining & Metals (ICMM)

Total

7 out of 33

👆 Click on category
to see full analysis

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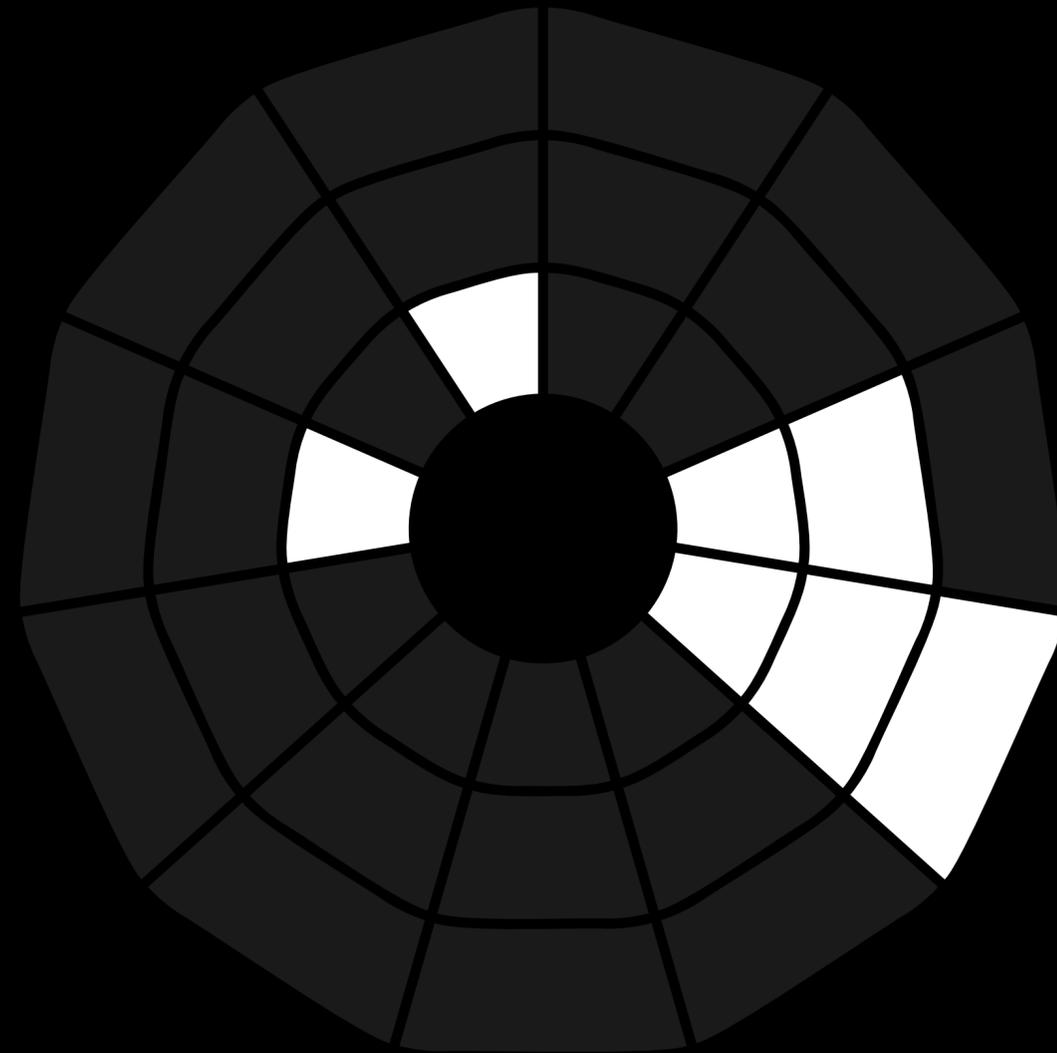
The Copper Mark

Total

25 out of 33

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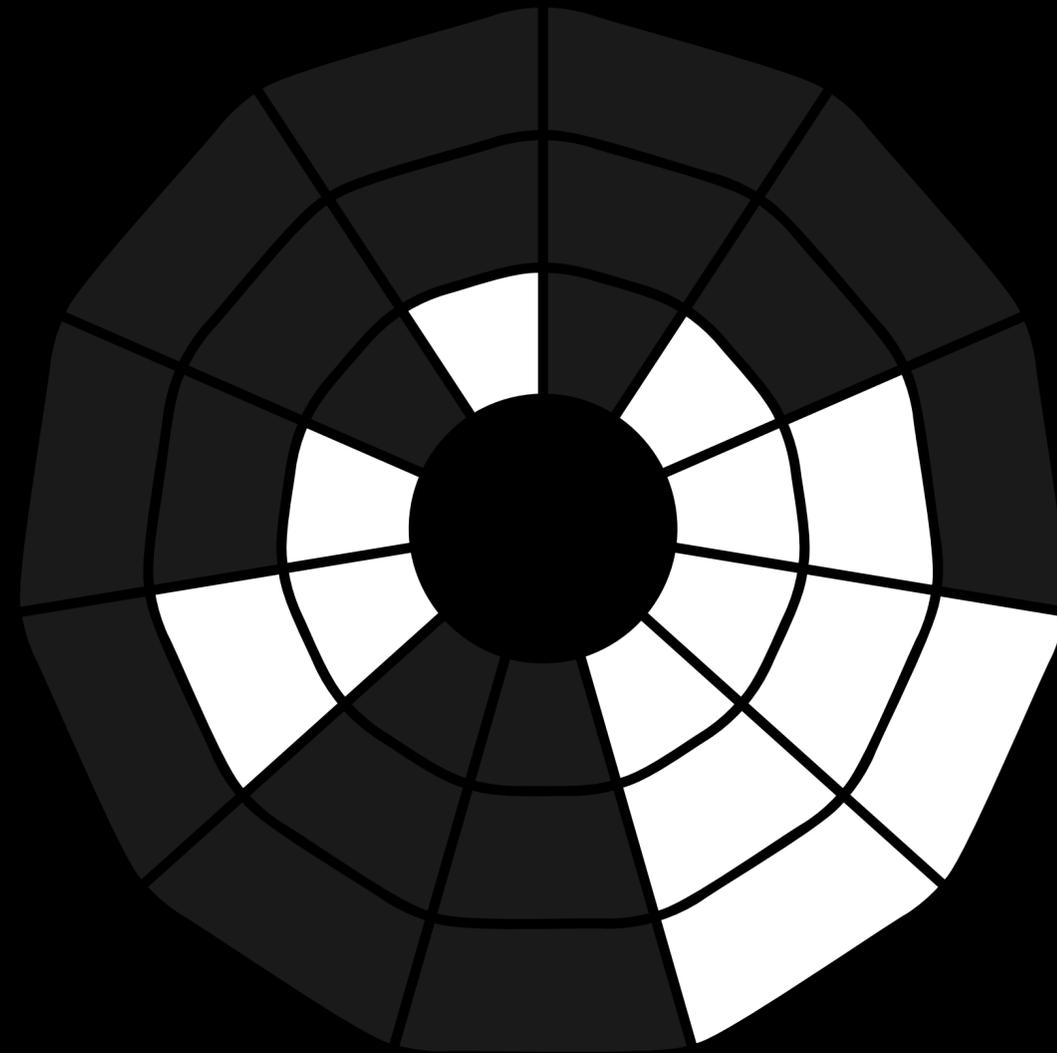to see full analysis

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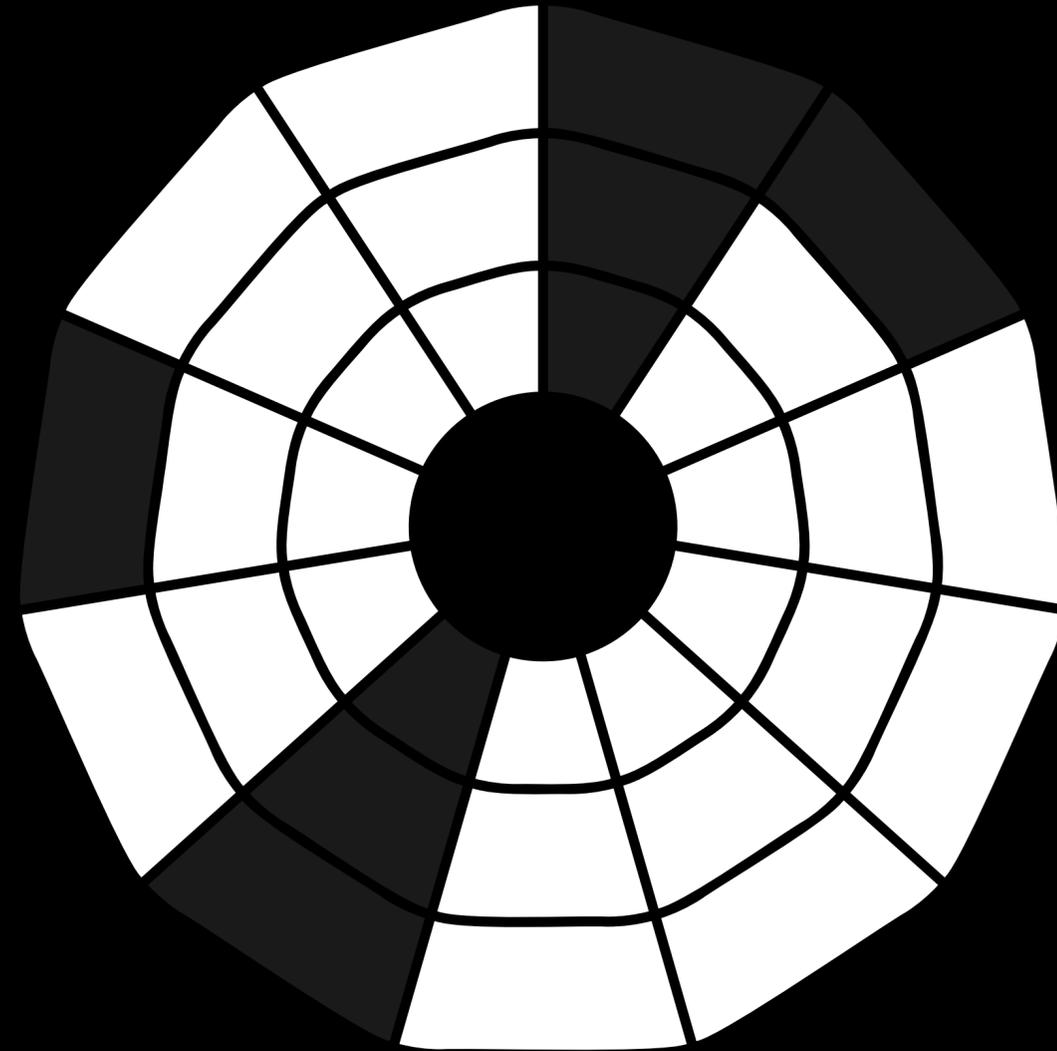
Towards Sustainable Mining (TSM)

Total

13 out of 33

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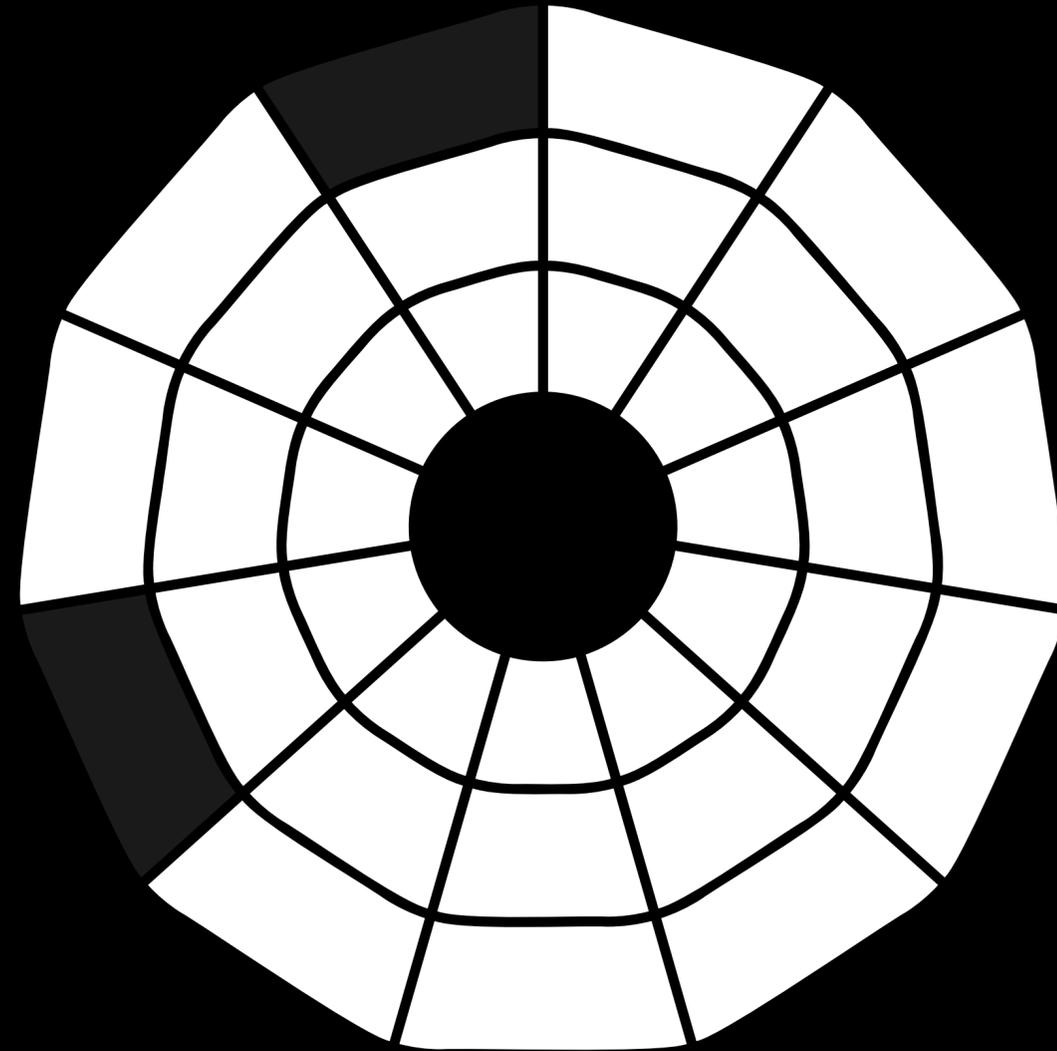to see full analysis

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Initiative for Responsible Mining Assurance (IRMA)

Total

31 out of 33

👆 Click on category
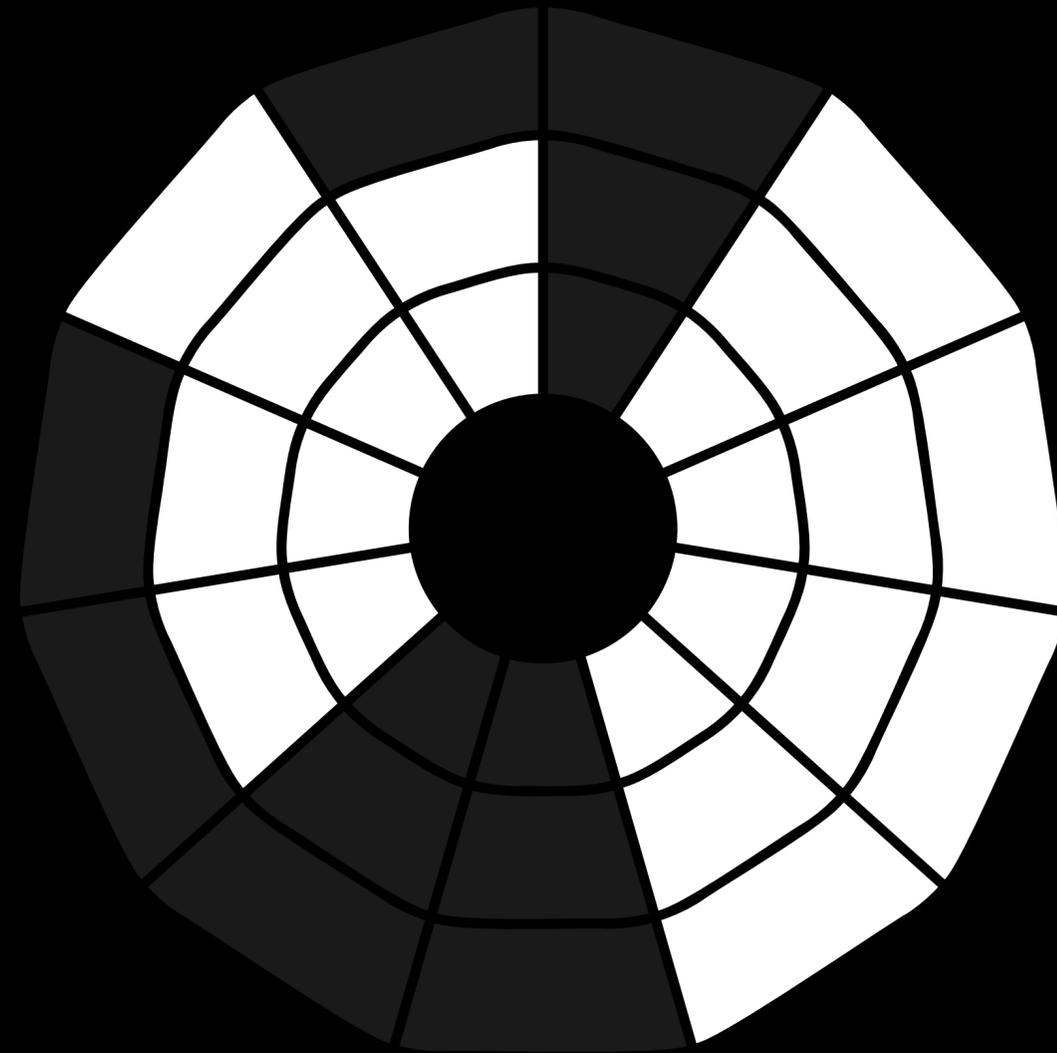to see full analysis

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Aluminium Stewardship Initiative (ASI)

Total

21 out of 33

Click on category
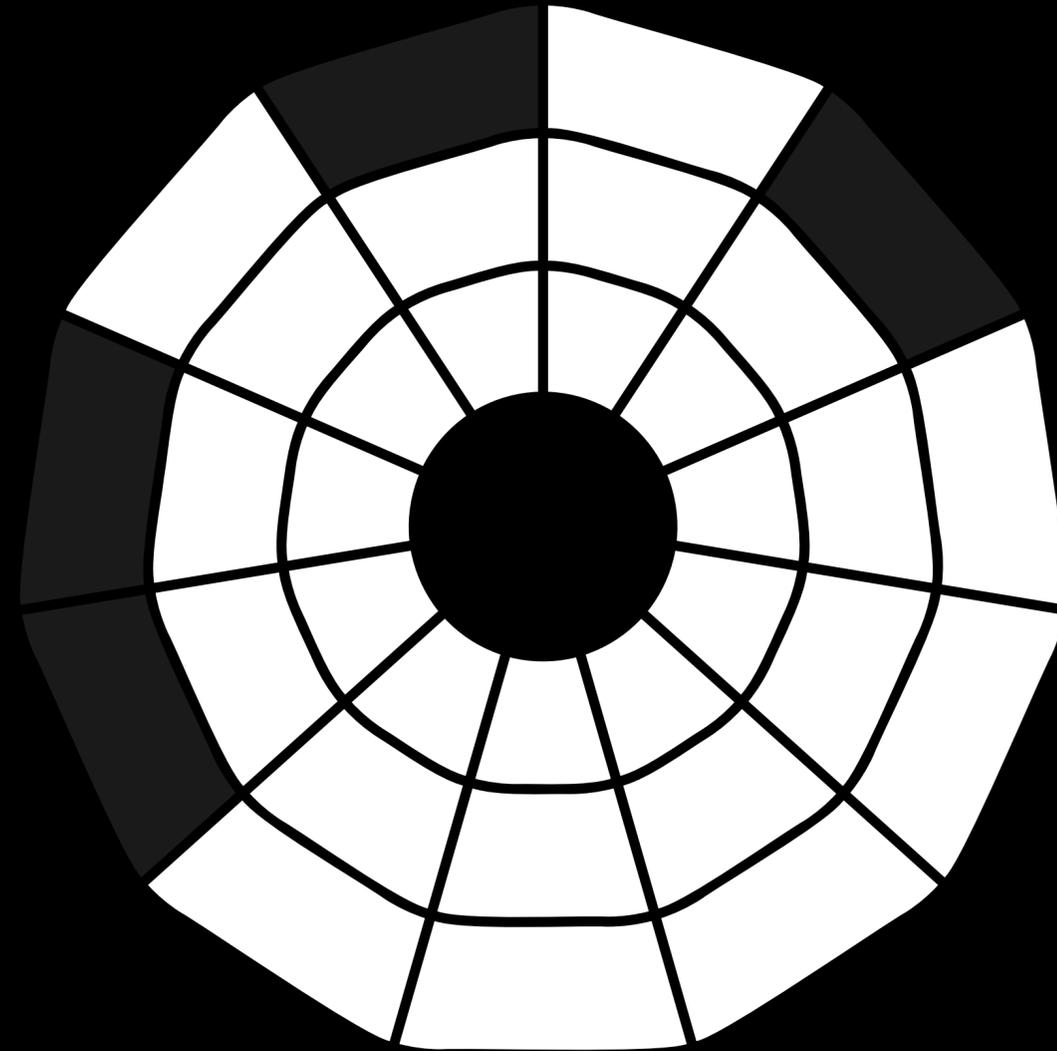to see full analysis

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ResponsibleSteel

Total

30 out of 33

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to see full analysis

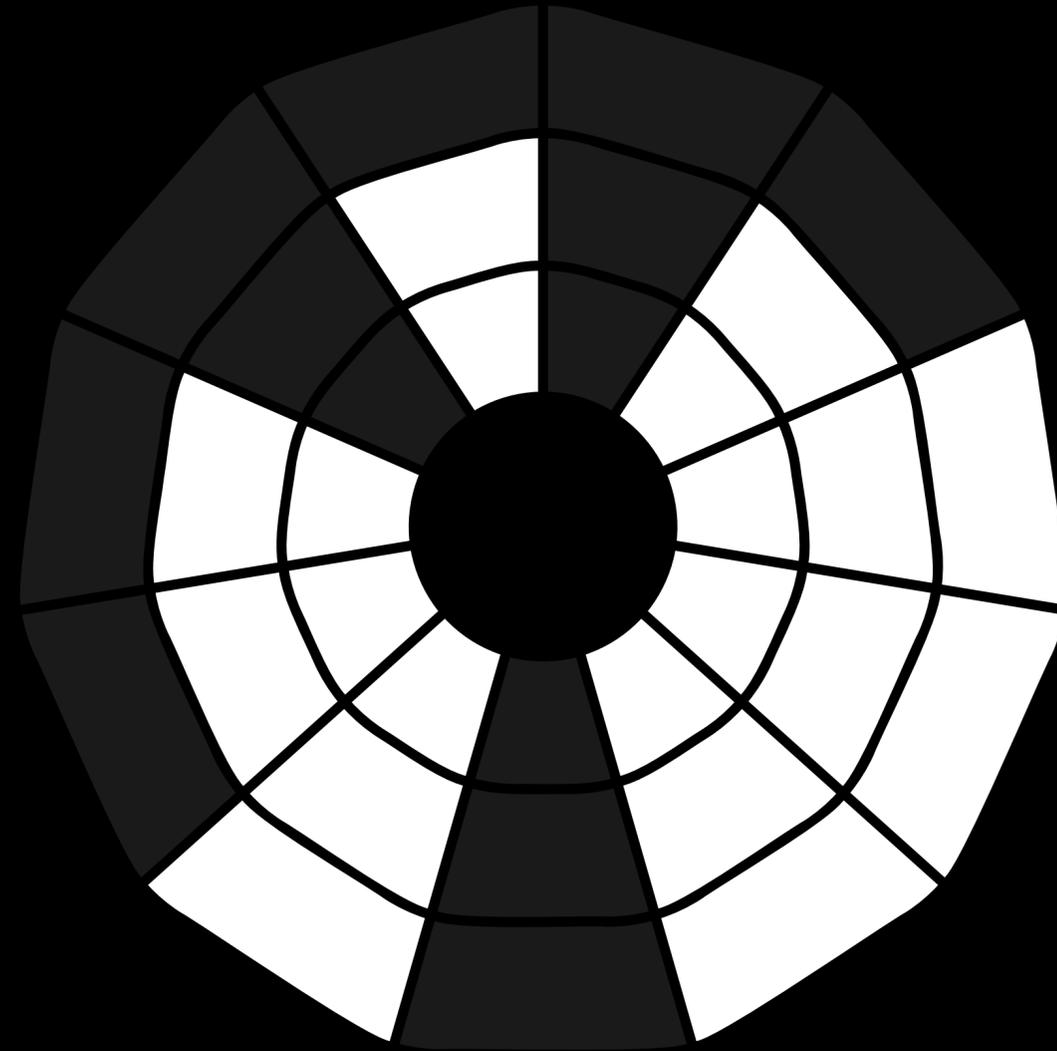🖵 Deskop version only

Responsible Minerals Initiative (RMI)

Total

20 out of 33

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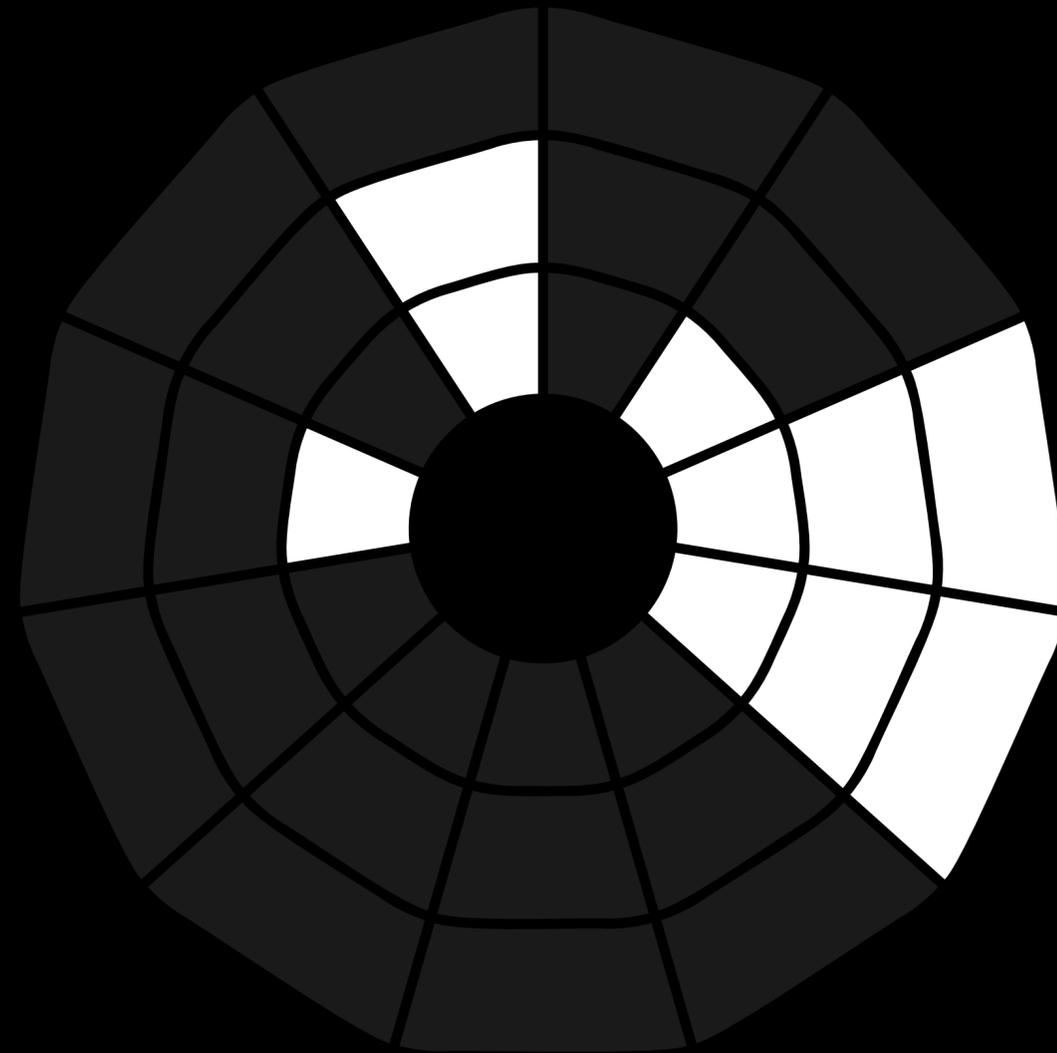
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Responsible Mica Initiative (RMI)

Total

10 out of 33

👆 Click on category
to see full analysis

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Disclaimer: The listed sources were last accessed on 31.07.2023.

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