

TIC Council

Metals and Minerals Committee

Code of Practice

**THIRD
EDITION**

November 2023



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1. Introduction

The purpose of this Code of Practice is to set out the general standards of delivery of services by TIC Council member companies in the execution of their duties in relation to the inspection of Mineral Commodities. It covers general duties of inspection together with more detailed requirements for inspection of Mineral Commodities.

TIC Council member companies are also expected to follow any requirements or recommendations contained in the Mineral Committee Bulletins published by TIC Council from time to time and available on the TIC Council website. Whenever this document refers to “this Code of Practice” this expression includes all current Bulletins unless the context requires otherwise.

Where any provision of this Code of Practice is in contradiction with any terms and conditions or contract terms which exist between TIC Council member companies and their principals, those terms shall take precedence over, replace or supersede this Code of Practice.

TIC Council has no responsibility or liability for acts or omissions of members or others making use of this Code of Practice.

2. TIC Council Metals and Minerals Member Requirements

To act as a TIC Council Member Company in the field of minerals and metals commodities the TIC Council Member Company shall:

- be a member of TIC Council and have satisfied all membership requirements, including adoption of the TIC Council Compliance Code and implementation of an active compliance program
- ensure that personnel are trained and provided with the relevant skills and experience in the field of minerals and metals commodities inspections
- operate a training and assessment system for all personnel that meets the general requirements of ISO 9001, its equivalent or greater
- possess equipment necessary to perform minerals and metals inspections
- work actively to defend the independence and integrity of its inspectors' evaluations, and have appropriate systems and processes to monitor its personnel.

3. Scope of Involvement

The TIC Council Member Company shall provide services at the time and place agreed with its Principal. When providing services, the Member Company shall perform services within the scope agreed with the Principal and subject to the Member Company's General Terms and Conditions of Business. The basis of the scope of services shall be the Principal's express instructions in writing received by the Member Company at the appropriate time. The Member Company may also take some additional actions if such are necessary in the circumstances to perform the agreed services and such actions do not contradict the Principal's express instructions.

The fees for the services shall be agreed with the Principal prior to confirming the appointment. They may, however, be amended by mutual agreement at a later stage to reflect the actual circumstances of performance of services.

The Member Company shall report to the Principal the information required by the agreed scope of services. Reporting is to be done to the Principal only unless otherwise expressly instructed by the Principal.

The Member Company may also report on any additional points relevant to the inspection or testing performed if it considers such additional information relevant and of potential interest to the Principal but the Member Company shall not have any liability for not reporting on anything beyond the scope agreed with the Principal in the appointment.

Unless otherwise expressly agreed with the Principal, the involvement of the Member Company shall be limited to providing its statement(s) of opinion to the Principal. This statement of opinion shall be valid for the time and place of inspection only.

TIC Council Member Companies are neither insurers nor guarantors and disclaim all liability in such capacity. Principals seeking a guarantee against loss or damage should obtain appropriate insurance.

The Member Company shall not be or deemed to be a party in any sale, carriage etc. contract or to substitute any contractual party. Under no circumstances does the Member Company's involvement relieve any party to such a contract from its contractual responsibilities or other legal obligations.

4. Health, Safety and the Environment

TIC Council Member Companies consider the safety of their personnel as paramount. Personnel are expected to operate diligently and not to take actions that will subject themselves or others to unnecessary risk or harm.

Health and safety management systems operated by Member Companies meet national guidelines; contain clear policy objectives, assess risk, review procedures and measure performance.

Member Companies follow best practice developed internally by member companies or by the industry at large in order to create a system of continuous improvement with the objective of providing a safe place of work at all times for its employees.

The activities undertaken by Member Companies, whether on their own premises or that of third parties should be suitably risk assessed and the prescribed procedures duly followed. Where an individual believes that the task they are being asked to perform or the conditions under which they are being asked to work involves risks which are unacceptable or not suitably controlled they will exercise a "stop work" authority. In such circumstances the task will not be undertaken until the conditions have been altered and an assessment confirms that it is safe to proceed.

Occasionally Member Company employees are requested to sign indemnities relieving the owner or operator of a site or vessel from their legal obligation to provide a safe place of work. TIC Council Member Company field personnel have no authority to sign or accept such documents on behalf of their Company and are instructed not to do so. Issues of indemnity shall be addressed with the Principal(s) through the nomination or by contract.

TIC Council Member Companies are professional and environmentally conscious organisations and take all reasonable and practical measures to protect personnel and the environment.

5. Inspection of Cargo Compartments

When it is necessary to inspect cargo compartments (for example, vessels' holds or tanks, lorries, containers, inland or port storage facilities etc., please note this list is not

exhaustive) within the scope of services agreed with the Principal, the TIC Council Member Company shall check that such compartments are clean and dry and in these respects are ready to receive the intended goods.

The inspection shall be done immediately prior to commencement of receipt of the goods or otherwise if agreed with the Principal or as possible and practicable in the circumstances. Unless otherwise expressly agreed with the Principal, the Member Company shall visually inspect the accessible parts of the compartments and give its opinion only on the cleanliness of the cargo compartments and not on any other aspects of their suitability to receive the intended goods (for example, suitability after previous cargoes, suitability of coating(s) of cargo compartment, water- tightness or cargo-tightness of closings, vessel's seaworthiness etc., please note this list is not exhaustive).

If cargo compartments are found not ready to receive the intended cargo, the Member Company shall discuss the time of the next inspection with the Principal, Carrier or as appropriate in the circumstances, if further inspection(s) is (are) required. The Member Company may comment on the steps to be taken by the responsible party to make the compartments ready but shall not be obliged to do so or deemed to do so and in no circumstances shall be responsible for the steps actually taken, their results or anything arising therefrom.

If requested by the Principal the Member Company may reproduce in its relevant reports the information provided by other parties (for example, about previous cargoes, cleaning methods used etc., please note this list is not exhaustive) but it will be for information purposes only and the Member Company shall not be responsible for correctness of the information provided and anything arising therefrom.

Broader scope of inspection and of responsibilities may be expressly agreed between the Member Company and its Principal but in no circumstances shall it go beyond practicable and safe limits for the personnel inspecting cargo compartments. The regulations, rules and safe practices applicable to entries to cargo compartments and any confined spaces must be strictly observed at all times.

The act of inspection and the results thereof do not relieve any party of its contractual responsibilities or other legal obligations.

6. Sealing of Cargo Compartments

6.1 Introduction

The act of placing a “seal” on cargo compartments or other locations during the intervention of an TIC Council Member Company is commonly recognized as the act of attaching a device to the object being “sealed” in such a way as to prevent the device being removed without damaging or destroying the device.

It is common practice for customers to request inspectors to “seal” cargo compartments, tanks, holds, trucks, silos, pipeline valves etc. by attaching a device at a point in time and for that device to remain in place until its usefulness is no longer valid or the removal of the device is authorized.

Indeed, in some circumstances, it can be considered good practice for inspectors to attach a “seal” in such places, following a specific intervention, to indicate that following his or her intervention no other contradictory activity has taken place. In these circumstances the seals are generally removed at the inspector's discretion.

It is important to consider the act of “sealing” in the context of the Member Company's responsibility. The placing of a “seal” on or at any location cannot be considered a cast

iron guarantee that the goods therein have not been tampered with or that the internal condition of the object sealed will remain unaltered. The act of placing a device to “seal” is at best indicative, provided that it remains intact, that the device has not been removed thereby enabling the object to which it is attached to be tampered with. It can also be used to signal an intention for an object not to be opened, manipulated or interfered with, without authorisation.

This section does not cover sealing samples, nor does it cover special custom-made bolt type seals used in transit containers or special sealing devices used during collateral management interventions which are normally accompanied with suitable padlocks.

6.2 Sealing of Cargo Compartments

TIC Council Member Companies should adopt the following best practice when carrying out customers’ instructions to place “seals” during an intervention.

When it is necessary to seal cargo compartments (e.g. vessel’s holds or tanks, lorries, containers, inland or port storage facilities etc. – the list is not exhaustive) within the scope of services agreed with the Principal, the Member Company shall provide a suitable means to seal the concerned entity.

Such a seal should possess a unique, readily identifiable, and traceable mark and/or number.

The act of sealing should be properly documented and ideally confirmed/acknowledged in writing by the owner/operator of the sealed entity (ship’s officer, truck driver, shipper of a container, storekeepers, etc.).

This document shall only be a statement confirming that the entity was indeed sealed, at the time and place of sealing.

The presence of a seal upon a cargo compartment can never be construed as proof of inviolability.

A TIC Council Member Company cannot be held responsible for the lack of a seal, damage to the seal, or tampering with the seal, after its intervention.

7. Inspections of Markings and Packaging

When the TIC Council Member Company is requested to perform inspections of markings and packaging of cargo units it shall proceed with visual inspection of the cargo units at the time and place instructed by the Principal. Commonly this is done during the transfer of cargo units out of or in to storage, or from one means of transport to another, or during storage of cargo units, but this list is not exhaustive.

The Member Company shall inspect those cargo units and their parts which are accessible for inspection without interference with cargo operations or without movements of the units in the warehouse or other storage facility, unless otherwise expressly agreed with the Principal and once necessary measures are taken by the appropriate party (the Principal, stevedores, warehouse personnel etc., please note this list is not exhaustive). In any case the inspection shall be performed to the extent that it is safe for all personnel involved.

Unless otherwise expressly agreed with the Principal, the Member Company will not check the content of the units inspected or any other aspects except the units’ markings and packaging

8. Stock Inspection and Monitoring

Stock inspection or monitoring are services provided by TIC Council Member Companies consisting in spot or periodic inspection of goods in storage, for purposes including the verification of their quantity and/or condition and/or quality, and/or the adequacy of their storage conditions. The following provisions shall apply to the performance by Member Companies of such services:

1. Safe and unrestricted access to all accessible parts of the stocks in question and the places where they are stored shall be granted (or caused to be granted) to the Member Company by its Principal. Subject to prior agreement with the Principals, in case such access is denied to the Member Company's surveyor/s, fees related to the surveyors' and other resources mobilisation shall be due in full by the Principal.
2. Findings with regards to quantity and apparent condition of the stored goods and their storage places reported by the Member Company shall be limited to the readily accessible and verifiable parts thereof. The Member Company shall clearly state in its report the method of verification used, and which elements of its report, if any, are inferred from those that could be directly verified.
3. When reporting on the quality of stored goods, Member Companies shall clearly state the sampling method used and the limitations to the representative value of the tested samples inherent to the goods' storage conditions.
4. When reporting their findings with regards to packaged goods in storage, Member Companies shall clearly state the method by and extent to which the content of such package could be verified.
5. The periodic or continuous monitoring of stocks and inventories by Member Companies, as agreed with their Principals, and including the affixing of any marker on any storage place or container, shall in no way constitute effective or implied custody of or responsibility over the goods by Member Companies. Instructions to third parties bearing on deliveries, or handling of whatever nature, of the goods may be sent on copy to Member Companies, strictly for the purpose of verification by the Member Company of their proper execution by the concerned third parties.
6. Where a Member Company is required to verify any aspect of any documentation related to goods in storage, the Principal shall make, or cause to be made, such documentation readily available to the TIC Council Member representative. Findings reported by a TIC Council Member Company shall be limited to the documents provided to it.

9. Quantity Inspections

When the TIC Council Member Company is requested to perform or supervise the determination of the quantity of consignments, it shall use the method of inspection customary to the nature of the consignment (unitised cargo, or dry or liquid bulk etc.). It may include but is not confined to a tally of cargo units (bags, boxes etc.), stock pile surveys, supervision of weighing over scales or weighbridges, Draft Surveys, or a combination of methods.

The choice of the exact method of inspection to be used shall lie solely and entirely with the Principal unless otherwise expressly agreed with the Principal or unless only one method can be used by the Member Company given the circumstances of the particular inspection or the method used is that which is in accordance with local practice.

If the quantity is ascertained by means of a tally the Member Company will be responsible for the performance of an appropriate tally but not for checking the content of the cargo units, their condition, suitability of packing and any other points unless this has been expressly agreed with the Principal. In the case of a tally count, the TIC Council Member Company performs only a tally of pieces/units, and the gross/net weight reported is based on a unit weight declared on the packing/making of the bundles, bags,

etc. Only random check weighing can be applied if agreed upon with the Principal, and if weighing facilities are available at the place of inspection.

If the quantity is ascertained by weighing over any type of weighing equipment the decision as to whether the equipment is appropriate for this purpose as well as actual accuracy, calibration and performance of the equipment shall lie solely and entirely upon the owner of the equipment or other party as appropriate (e.g. party contractually appointing and instructing the owner and/or operators of the weighing equipment) but not on the Member Company unless otherwise has been expressly agreed between the Member Company and its Principal.

If Draft Survey of vessel(s) or barge(s) is used for ascertaining the quantity of the consignment, the Member Company shall be allowed free access to the vessel(s) and/or barge(s) and documentation including but not limited to hydrostatic and ballast tables, curves and other records. The Member will not accept any responsibility for the suitability of vessels and barges for Draft Survey, their condition as well as the content and accuracy etc. of data provided by the vessels' staff or any other party; and any inaccuracies arising there from.

Whenever it is considered applicable, TIC Member Companies reserve the right to protest the content of third-party documents presented to them in case of evident inaccuracy or invalidity

If two or more methods are used for determination of quantity of the same consignment, the Member Company shall follow the rules and procedures applicable to each of the methods of determination but under no circumstances shall it be or deemed to be responsible for any difference of results between the methods or for any damages, delays etc. which could arise therefrom to any party.

The Member Company shall note and report to its Principal the method used for quantity assessment and other appropriate details (for example the details of the weighing equipment used, the date of its latest calibration and check and who performed it etc., (please note this list is not exhaustive).

The main techniques used to determine weight are:

- Platform scale
- Weighbridge
- Belt scale
- Draft Survey.

10. Quality Inspection and Analysis

While inspecting the quality of consignments the TIC Council Member Company shall be guided by the Principal's express instructions as to the scope of inspection, analyses to be performed and the set of methods of analyses to be used for each individual consignment. In the absence of the Principal's instructions as to the methods of analyses to be used or if the instructions are not complete, the Member Company may use the methods customarily used for the particular commodity in the particular origin or destination country or such methods as the Member Company considers appropriate on technical, operational and/or financial grounds.

The Member Company shall report to the Principal, or to any other party as it may be expressly instructed by the Principal, its findings as well as any further details (for example the methods of analyses used, any particular points on preparation of composite samples etc.) which may be appropriate in the circumstances.

In its certificates and reports the Member Company also shall describe among other details the way of sampling and of sample preparation of the samples analysed, and the methods of analyses used as appropriate in each individual case.

If the Principal's instructions require the Member Company to arrange analyses in a third party's laboratory expressly instructed by the Principal, the Member Company may agree to arrange this but will pass on the results of the analyses without any responsibility for their accuracy.

11. Sampling

TIC Council Member Companies perform sampling of a broad range of mineral and metal commodities. All Member Company samplers and sampling supervisors will possess a good level of understanding of the basic principles of representative sampling and sample preparation, including:

- Identification of the material to be sampled
- Purpose of sampling and design of appropriate sampling procedures
- Importance of minimising bias, contamination, and loss of samples
- Preservation and security of samples

Member Companies shall be guided by the Principal's express instructions for sampling, sample preparation and distribution. In the absence of Principal's express instructions or if they are not complete, the Member Company shall be guided by the applicable international standards, Trade Associations rules (e.g. ISO, ASTM, GOST etc.) customary to the commodity or goods to be sampled and other factors which can be relevant to the circumstances e.g.

- Safe access to the material
- Availability of suitable sampling and sample preparation equipment
- Availability of labourers
- Weather conditions Potential time restraints

It is important the Member Company clearly explains in writing in a timely manner to their Principal, any restrictions reducing their ability to execute satisfactory weighing, sampling, moisture determination and sample preparation.

In cases of complex and / or heterogeneous materials, the Member Company should if possible obtain written agreement on the proposed sampling protocol from all relevant parties prior to commencement of operations.

The sampling staff of the Member Company should immediately report any circumstance of undue and / or unauthorised pressure during the sampling operation. In such circumstances the operations must be stopped while the member company seeks guidance from their principal.

The Member Company shall follow the above-mentioned instructions, standards or guidelines as closely as possible and as practicable in the circumstances and to the extent that sampling work is safe for its personnel.

Unless otherwise expressly agreed with the Principal, the samples drawn shall be kept for three months from the date of completion of sampling.

If a member is not provided with details on increment variance and required precision, a member cannot guarantee the sampling plan will achieve the required precision, unless they are nominated for a precision test exercise.

12. Laboratory Testing

The fundamental service of TIC Council Member Company laboratories is the provision of analytical results derived from testing in Members' own laboratories or through approved sub-contract arrangements.

Where the Member Company performs its own laboratory testing, it shall ensure that equipment and apparatus is in appropriate working condition, health and safety regulations are respected, testing procedures are followed correctly and the principal's instructions are executed in a professional manner.

Where analytical services are sub-contracted it is the responsibility of the Member laboratory to ensure the sub-contractor has the required technical competency to undertake the assigned work and governance over the control of the results reported to the Member Company, unless a sub-contracted laboratory is chosen by the principal under his sole discretion. Laboratory testing shall be carried out to recognised and agreed standards. The test methods used shall be quoted on the quality documents. There shall be a documented quality program in place for each laboratory used by a Member Company for commercial assay work. This quality program shall, at a minimum, meet the requirements of ISO/IEC 17025 with the members either holding the accreditation or in a position to demonstrate its intent and actions.

12.1 Submitted Samples

Samples are sometimes submitted to Member Companies for analysis where they have not performed or observed the sampling operation and therefore have no knowledge of the sample source, sampling method, the quantity the sample represents or how representative the sample may be. In such cases the laboratory certificates shall be suitably qualified to avoid misunderstandings.

Repeat samples may be received by TIC Council laboratories ostensibly from the same sampling. Due to the heterogeneity of materials (such as base-metal concentrates), Member Companies will not accept responsibility for any differences in the analysis results produced from samples submitted in this way and results from any subsequent sampling and analysis purported to be from the same source or cargo.

12.2 Umpire Samples

A TIC Council Member laboratory may offer Umpire or Arbitration testing services. Any TIC Council member laboratory offering Umpire testing services shall implement a documented quality program to demonstrate transparency and traceability to provide the necessary assurance over the quality and integrity of the Umpire analysis.

TIC Council members shall take reasonable actions to avoid knowingly accepting an appointment in a situation whereby they are instructed to act as umpire for a shipment on which they have carried out party analysis for one of the contractual parties. The qualifications actions stipulated in 12.1 shall apply to such situations.

12.3 Test Observation in Third Party Laboratories

TIC Council Member Companies recommend that testing is carried out in their own laboratories wherever possible.

Where tests are performed by persons other than the personnel of the Member Company and the Member Company is contracted to observe the testing, the Member Company will pass the results to the principal "as received" without any responsibility for the accuracy of the results.

In these circumstances the test observation is performed on the basis (and the report of testing will normally be so endorsed) that:

- all apparatus, instrumentation and measuring devices are assumed to be in calibration and in good working order
- reagents and standards are accepted as utilized
- the laboratory technicians are assumed to be qualified
- the responsibility of the Member Company is limited to its representative attending during the testing and ascertaining that in his opinion the tests were carried out on the correct sample.

13. Reporting and Certificates

13.1 Reporting

The TIC Council Member Company may report to its principal using various means such as telephone and email and by other methods as agreed with the Principal.

These reports may include for example:

- a. Progress Reports, which are produced during the performance of an inspection and which are generally sent at regular intervals during the inspection process by email or any other transmission means in order to advise the Principal regarding the progress of the inspection and may include other relevant observations and/or
- b. A Report of Inspection, which is produced on completion of the work or at intervals agreed with the Principal, which may include, but is not limited to information relating to the time and place of inspection, the results for various steps of the inspection process, modes of transport, means of inspection, sampling and sampling methods, grading and analyses results, pictures of the operation and other points that are within the scope of work contracted and are as referred to in the Scope of Work

13.2 Certificates

When requested to do so, the TIC Council Member Company will issue a Certificate of Inspection. This certificate may be in paper or electronic format. In either case the certificate will be fully traceable to prevent fraud, so far as this is feasible.

The Member Company may issue many types of Certificates of Inspection, according to the Scope of Work, the terms of the Letter of Credit or the contract concerned, as applicable (for example, Weight and Quality, Holds Inspection, Draft Survey etc). All should preferably be issued in a standard format used solely for this purpose by the Member Company.

When dealing with chemical analysis, Member Companies should always take into consideration the heterogeneity and complexity of the sample material under study. If there are doubts about such materials it is recommended to issue a 'Report of Analysis' rather than use the term 'Certificate'."

13.3 General

As a third party independent inspection company, the TIC Council Member Company will actively work to defend its own and the wider industry's professionalism, independence and integrity. All the inspection activities performed by the TIC Council

Member Company shall be carried out in a professional, independent and impartial manner fully respecting the agreed methods to be used during the inspections. Respect for the TIC Council Member Company's own approved methods and procedures will lead to the reporting of accurate results and findings. The TIC Council Member Company shall always defend the independence and integrity of its own evaluation in case of pressure or influence to change results or findings. Integrity of service and of documentation shall be the foremost principle adopted by each TIC Council Member Company.

All Reports and Certificates are intended for the Principal of the Member Company, or are transmitted according to the Principal's instructions, and should not be disclosed to any third party without the Principal's prior agreement.

Under normal circumstances Member Companies will not issue "To whom it may concern" Reports or Certificates.

Member Companies may include disclaimers as part of their Reports and Certificates. The issuance of Reports and Certificates does not relieve any party of its legal obligations. Any party relying on a Report or Certificate must understand that it is issued subject to contractual Terms and Conditions and disclaimers, which form an integral part of any Report or Certificate to which they are appended. Where the Member Company has adopted Terms and Conditions of Business based on the Model Terms and Conditions recommended by TIC Council, these will include provisions which limit the amount of damages for which the Member Company may be liable

14. Letters of Protest and Letters of Reserve

It is common that the TIC Council Member will have to protect the interest of its principals, and will upon occasion have to issue Letters of Protest/Letters of Reserve to parties involved. It could be the case for example that cargo is found not to be in accordance with the specification, problems occur with the means of transport, loading/discharge gear or weighing arrangements. This list is given by way of example only and is not all-inclusive.

In connection with issuance of Letters of Protest/Letters of Reserve (LOP/R) it is important that a full description of the reason for the LOP/R is included. It is not sufficient to write "not in order" – the reason(s) must be described in detail.

In all circumstances, it should be made clear that the Member Company's General Terms and Conditions of Business apply to all services provided.

15. Transportable Moisture Limit (TML) Policy

Due to the significant risk to life and property associated with the findings of the TML test procedure, TIC Council Member Companies employing this test will make an annual declaration to TIC Council stating:

- a. They have conducted or participated in at least one multi-lab round robin test program for this test.
- b. That they have an effective internal training program and maintain updated lists of their facilities and staff who are trained and internally approved to conduct and report the findings of this test.

Further information on TIC Council Members handling of TML requests can be found in the IFIA TML Code of Practice.