



Due Diligence for responsible mineral supply chains



Demand for responsibly produced minerals

Consumer

- **Consumer** and civil society **campaigns** (e.g. Amnesty Int'l, Global Witness, Partnership Africa Canada, Enough Project, etc.)
- **Industry:** EICC (electronics), AIAG (automotive), AIA (aerospace) LBMA, RJC & WGC (gold & jewellery), CCCMC (China)

Political

- **G8** (2007, 2008, 2009, 2011, 2013)
- **UN Security Council Resolutions on DRC** (2009, 2010) and **Ivory Coast** (2013)
- **ICGLR Heads of States endorsement** (2010)
- **OECD Council Recommendation** (2011)
- **EU**
 - **EU Parliament**
 - **CSR strategy**
 - **Commissioners** statement on raw materials
- **China-OECD Programme of Work**

Legal

- Section 1502 of **US Dodd-Frank Act** conflict minerals reporting
- **Draft EU legislation** on responsible mineral supply chains
- **Legal requirement in DRC, Rwanda and Burundi** (soon Uganda)
- Relevant legislation on forced labour, child labour (**e.g. UK & US**) and due diligence expectations (**France**)



The OECD Due Diligence Guidance for Responsible Mineral Supply Chains



Objective

- ✓ Developed through a multi-stakeholder process to provide **clear, practical guidance for companies** to ensure **they do not contribute to conflict or human rights abuses** through their mineral production and sourcing practices

Method and scope

- ✓ **5-step risk-based due diligence process**, applies to all companies throughout the mineral supply chain that produce or potentially use minerals from conflict-affected or high-risk areas
- ✓ **Applicable to all minerals, on a global scope**





Structure of the Guidance

Due Diligence Guidance
5-step framework (annex I)
Model supply chain policy (annex II)
Risk mitigation measures (annex III)

3T supplement

Gold supplement

Appendix on ASM

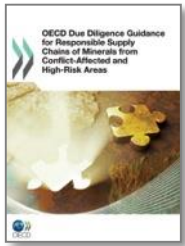


Key features

- ✓ **One set of expectations:** a common framework for due diligence expectations throughout the entire mineral supply chain from mines until end users
- ✓ **Risk-based approach:** intensity of due diligence proportional to risk
- ✓ **Progressive approach:** promotion of constructive engagement with suppliers in order to gradually affect change
- ✓ **Reasonable and good faith efforts:** Not 100 % compliance overnight



'Whole of supply chain' due diligence



'Upstream' companies:

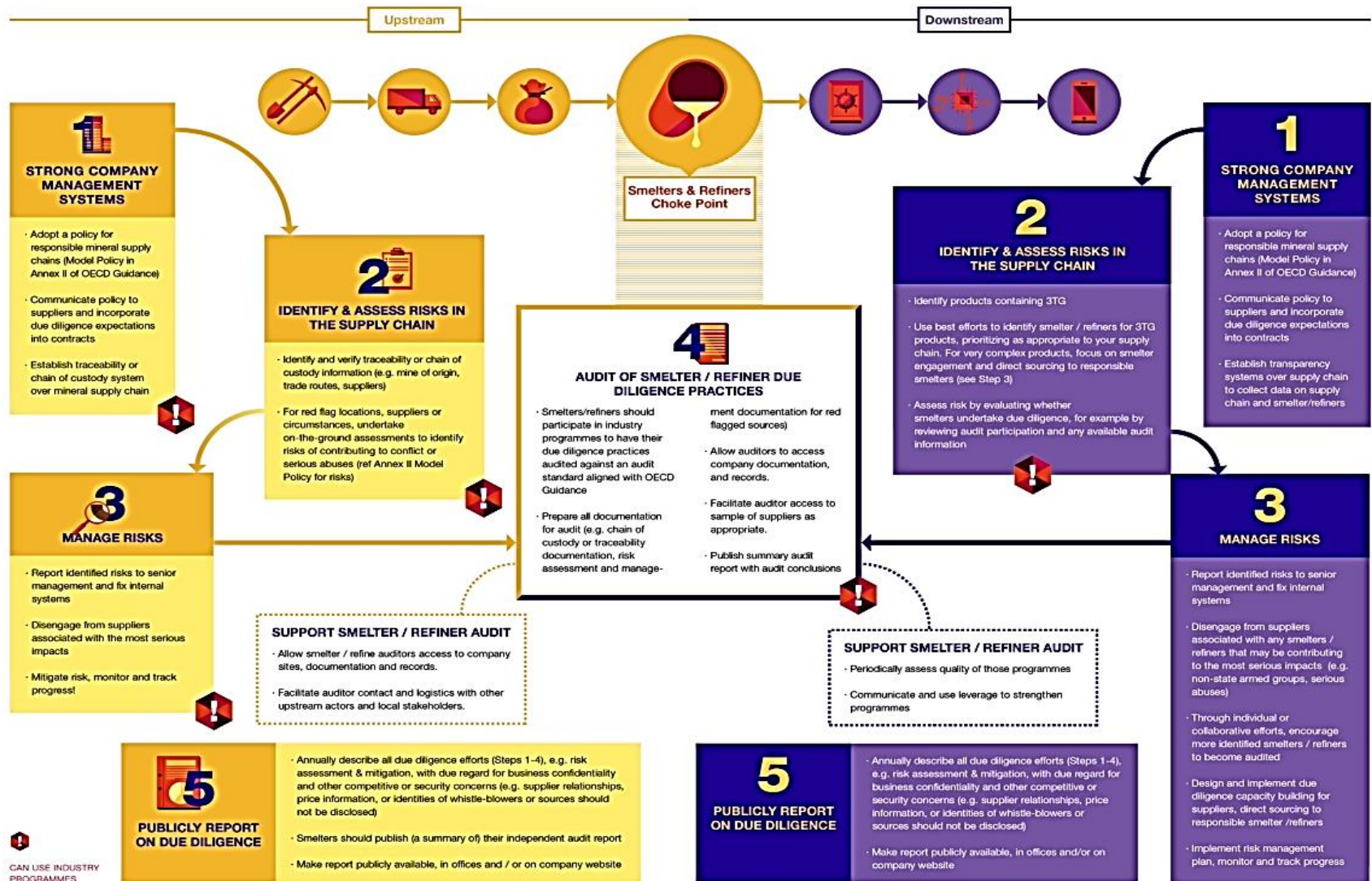
- Establish traceability or chain of custody to mine of origin
- For "red flagged" supply chains, undertake on-the-ground assessments of mines, producers & traders for bribery, conflict, serious human rights impacts (annex II risks)
- Collaborative engagement with local gov't, CSOs, local business to prevent & mitigate impacts, monitor

'Downstream' companies:

- Identify "choke points" in supply chain (e.g. metal smelter or refiners)
- Collect information on their upstream due diligence (e.g. both through individual efforts and industry programmes /auditing)
- Use collective industry leverage to encourage improvement of upstream due diligence



5-Step Framework for Upstream and Downstream

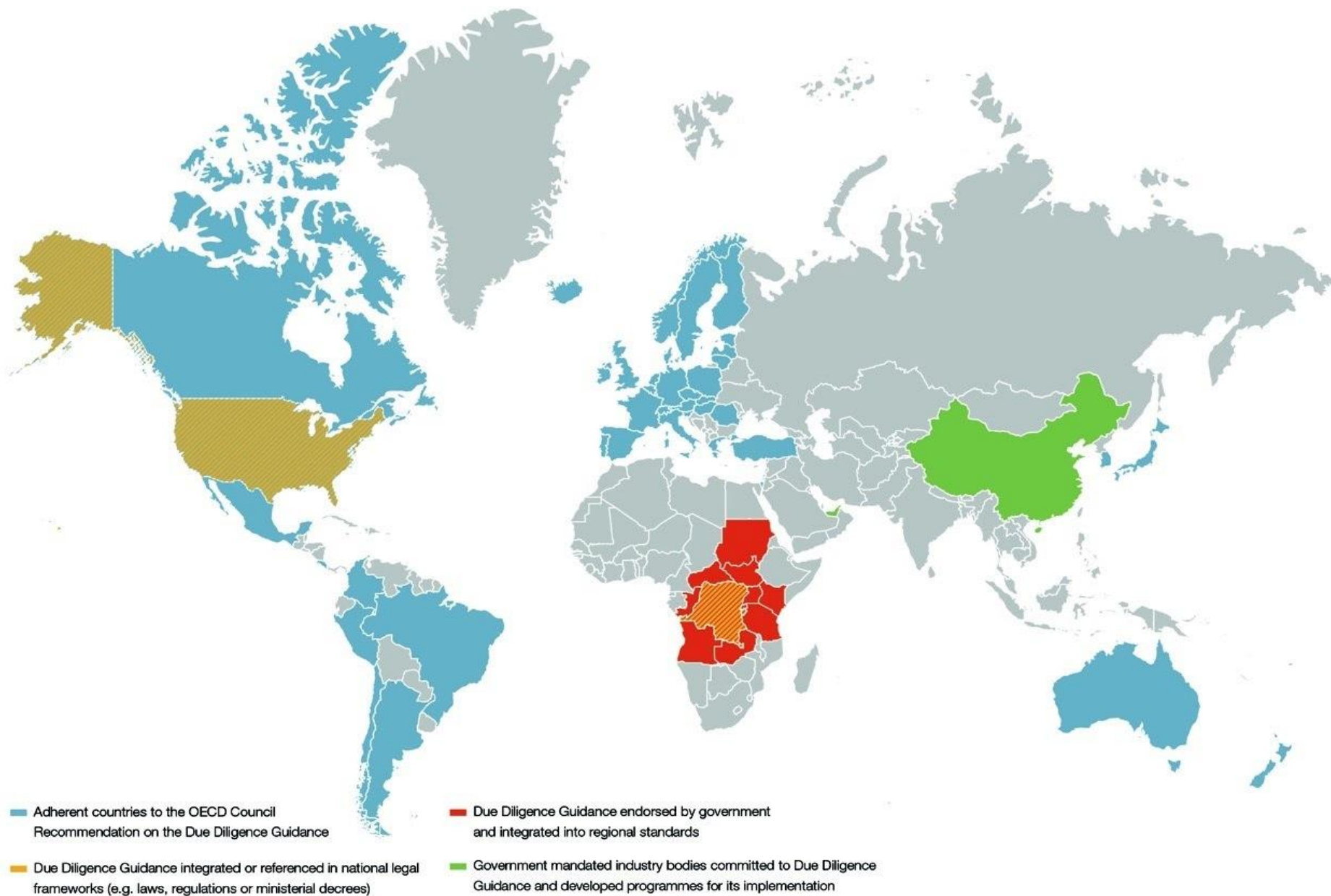




Significant uptake by all stakeholders supports global implementation



Global implementation of OECD Guidance





Cooperation with the EU

EU draft regulation on responsible mineral supply chains

► **March 2014 – Draft EU initiative and legislation released:**

- **Based on OECD Due Diligence Guidance**
- Initially a voluntary self-certification scheme for importers of 3T and gold into EU common market
- Significant amendments by MEPs in May 2016, but OECD Guidance still the basis for the Regulation



➤ **Political agreement reached by EU institutions on 15 June 2016**

- Current shape of regulation: mandatory for upstream importers into the EU, global scope, focus on 3T and Gold, downstream only reporting requirements
- OECD Secretariat is actively supporting the EU Institutions to help ensure maximum alignment with the OECD Guidance, and develop accompanying measures



2016 OECD Alignment Assessment

The **objective** of this project is to assess:

- The alignment of industry programmes' **standards and systems** with the OECD Due Diligence Guidance
- The alignment of the industry programmes' **implementation efforts** with the OECD Due Diligence Guidance

Deliverables:

- Methodology (assessment tool and narrative / instructions) examining alignment:
 - Overarching due diligence principles
 - 5-step framework
 - Programme governance
- Pilot assessment of following programmes:





THANK YOU

For further information on the OECD's work on
Responsible Business Conduct

<http://mneguidelines.oecd.org/>

<http://www.oecd.org/corporate/mne/mining.htm>

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