OECD Due Diligence Guidance for Minerals – 5-Step Framework for Upstream and Downstream Supply Chains

Upstream

Downstream

Smelters & Refiners Choke Point

1 STRONG COMPANY MANAGEMENT SYSTEMS

- Adopt a policy for responsible mineral supply chains (Model Policy in Annex II of OECD Guidance)
- Communicate policy to suppliers and incorporate due diligence expectations into contracts
- Establish traceability or chain of custody system over mineral supply chain

2 IDENTIFY & ASSESS RISKS IN THE SUPPLY CHAIN

- Identify and verify traceability or chain of custody information (e.g. mine of origin, trade routes, suppliers)
- For red flag locations, suppliers or circumstances, undertake on-the-ground assessments to identify risks of contributing to conflict or serious abuses (ref Annex II Model Policy for risks)

3 MANAGE RISKS

- Report identified risks to senior management and fix internal systems
- Disengage from suppliers associated with the most serious impacts
- Mitigate risk, monitor and track progress!

4 AUDIT OF SMELTER / REFINER DUE DILIGENCE PRACTICES

- Smelters/refiners should participate in industry programmes to have their due diligence practices audited against an audit standard aligned with OECD Guidance
- Prepare all documentation for audit (e.g. chain of custody or traceability documentation, risk assessment and management documentation for red flagged sources)
- Allow auditors to access company documentation, and records.
- Facilitate auditor access to sample of suppliers as appropriate.
- Publish summary audit report with audit conclusions

SUPPORT SMELTER / REFINER AUDIT

- Allow smelter / refine auditors access to company sites, documentation and records.
- Facilitate auditor contact and logistics with other upstream actors and local stakeholders.

SUPPORT SMELTER / REFINER AUDIT

- Periodically assess quality of those programmes
- Communicate and use leverage to strengthen programmes

5 PUBLICLY REPORT ON DUE DILIGENCE

- Annually describe all due diligence efforts (Steps 1-4), e.g. risk assessment & mitigation, with due regard for business confidentiality and other competitive or security concerns (e.g. supplier relationships, price information, or identities of whistle-blowers or sources should not be disclosed)
- Smelters should publish (a summary of) their independent audit report
- Make report publicly available, in offices and / or on company website

1 STRONG COMPANY MANAGEMENT SYSTEMS

- Adopt a policy for responsible mineral supply chains (Model Policy in Annex II of OECD Guidance)
- Communicate policy to suppliers and incorporate due diligence expectations into contracts
- Establish transparency systems over supply chain to collect data on supply chain and smelter/refiners

2 IDENTIFY & ASSESS RISKS IN THE SUPPLY CHAIN

- Identify products containing 3TG
- Use best efforts to identify smelter / refiners for 3TG products, prioritizing as appropriate to your supply chain. For very complex products, focus on smelter engagement and direct sourcing to responsible smelters (see Step 3)
- Assess risk by evaluating whether smelters undertake due diligence, for example by reviewing audit participation and any available audit information

3 MANAGE RISKS

- Report identified risks to senior management and fix internal systems
- Disengage from suppliers associated with any smelters / refiners that may be contributing to the most serious impacts (e.g. non-state armed groups, serious abuses)
- Through individual or collaborative efforts, encourage more identified smelters / refiners to become audited
- Design and implement due diligence capacity building for suppliers, direct sourcing to responsible smelter /refiners
- Implement risk management plan, monitor and track progress

5 PUBLICLY REPORT ON DUE DILIGENCE

- Annually describe all due diligence efforts (Steps 1-4), e.g. risk assessment & mitigation, with due regard for business confidentiality and other competitive or security concerns (e.g. supplier relationships, price information, or identities of whistle-blowers or sources should not be disclosed)
- Make report publicly available, in offices and/or on company website

CAN USE INDUSTRY PROGRAMMES

mneguidelines.oecd.org/mining.htm