OECD Responsible Mineral Supply Chains Implementation Programme

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OECD’s role is to clarify due diligence expectations in line with the Guidance and to convene global stakeholders to foster convergence and avoid duplication of efforts.
Addressing conflict and serious human rights abuses in mineral supply chains

- Exploitation and trade of mineral resources is a source of growth, but can be associated with significant adverse impacts, including:
  - Serious human rights impacts (e.g. child labour, forced labour)
  - Money-laundering, conflict/terrorist financing & sanctions violations
  - Bribery

- Global issue (Africa, Asia, Latin America, Europe)

- Affects all mineral resources (tin, tantalum, tungsten, gold, cobalt, precious stones, coal, oil & gas, etc.)

- For mining, affects to different extent ASM and LSM

Example: artisanal gold from the Democratic Republic of the Congo

- Informally and/or illegally mined
- Estimated annual output: ~15 tonnes (low estimate)
- 98% estimated to be smuggled out; 65% of mines recorded presence of illegal armed groups
- Estimated market value: $570 million
OECD Due Diligence Guidance for Responsible Mineral Supply Chains

Objective
✓ To provide clear, practical guidance for companies to ensure responsible operations and sources of supply:
  ➢ No support to non-state armed groups, No “serious abuses”
  ➢ Prevent & mitigate support to public security forces, bribery, tax evasion, money-laundering and fraud in supply chains
  ➢ Strengthen internal controls, due diligence systems, engagement with suppliers (e.g. supplier upgrading)

Method and scope
✓ 5-step risk-based due diligence process, applies to all mineral resources & all companies throughout the entire mineral supply chain that potentially contribute to conflict, serious abuses, bribery, tax evasion and money laundering through mining or mineral sourcing practices

Principles
✓ Progressive improvements over time and good faith and reasonable efforts promoting constructive engagement with suppliers
✓ Global scope - intended to enable investment and trade in conflict-affected and high-risk areas, i.e. no blacklists, no embargoes, no protectionism
OECD Implementation Programme -
Global support for OECD Due Diligence Guidance since 2011

<table>
<thead>
<tr>
<th>Political</th>
<th>Industry &amp; Consumer</th>
<th>Legal &amp; regulatory</th>
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<tbody>
<tr>
<td>• ICGLR Heads of States Lusaka Decl. (2010)</td>
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<td>• Legal requirement in DRC, Rwanda, Burundi &amp; Uganda</td>
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<td>• OECD Council Recommendation (2011)</td>
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<td>• Conflict Minerals Bill in Canada</td>
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<td>• EU Parliament; CSR strategy + Commissioners statement on raw materials</td>
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<td>• Relevant legislation on modern slavery &amp; child labour (e.g. UK &amp; US)</td>
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<td>• China-OECD Programme of Work</td>
<td>OECD-benchmarked industry audits cover ~85-90% of total refined gold production</td>
<td>• AQSIQ China national standard &amp; decrees (forthcoming)</td>
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<td>OECD-benchmarked industry audits cover ~93% Ta, ~75% Sn, ~60% W production</td>
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OECD Implementation Programme – 2017-2019

**Countries**
Technical support & research for country implementation

**Capacity**
Assess alignment & boost capacity on due diligence

**Impacts**
Assess & enhance impact of responsible mineral sourcing efforts

**Beyond 3TG**
Support implementation of OECD Guidance beyond 3TG

**Activities**

- **EU countries** *(launch)*
- **Monitoring Adherents** *(launch)*
- **China** *(cont’d)*
- **India** *(launch)*
- **Colombia** *(cont’d)*
- **West Africa** *(cont’d)*
- **Central Africa** *(cont’d)*

**Activities**

- Alignment assessment for CFSI, LBMA, RJC, DMCC & iTSci
- Assisting London Metals Exchange to develop standard for listed companies
- Training programmes in producing countries
- Measuring cost/benefit analysis of due diligence

**Activities**

- Scoping framework & indicators for measuring results
- OECD-World Bank platform for artisanal & small-scale mining
- Law enforcement coordination (FATF, WCO, national authorities)

**Activities**

- Portal for Supply Chain Risk Information (BETA version)
- Demand-driven support to programmes & initiatives to implement OECD Guidance
Increasing engagement / cooperation with other international organisations

- Law enforcement / customs
- Formalisation of ASM & combating child labour
- Transparency / government capacity building initiatives
OECD Implementation Programme –
*Highlights - last 20 months*

**Policy & law**
- EU – Input to EU institutions on EU regulation for responsible mineral supply chains
- China – Advice to Chinese authorities & industry to support alignment of national standards with OECD Guidance
- India – fostered Government & industry commitments, Guidelines under development
- Colombia – Government commitment, exchange of letters, changes underway

**Reports & Tools**
- Colombia gold baselines: [Overview](#), [Antioquia](#), [Chocó](#)
- [Alignment assessment pilot tool & methodology](#) & report
- [Practical actions to address worst forms of child labour](#)
- [Frequently Asked Questions on ASM](#)
- [Portal for Supply Chain Risk Information](#) (Risk Portal)

**Cooperation & partnerships**
- Partnerships with World Bank (ASM); initial engagement with Interpol, FATF & WCO (Law Enforcement)
- Partnership with Liptako-Gourma Authority & GIABA (West Africa report forthcoming)
- Engagement with EITI to foster mutual implementation of standards
- Engagement with London Metals Exchange
OECD Implementation Programme -
*Focus on ASM activities*

✓ **World Bank – OECD ASM Centre of Excellence** - Connecting donors with ASM projects, incorporating OECD standards in World Bank projects, creation of one-stop shop for ASM data

✓ **Support to on-the-ground responsible supply chain programs** – e.g. CRAFT Code Committee, international Tin Supply Chain initiative; “Just Gold” in DRC; Fairmined, etc.

✓ **Artisanal and small-scale mining Frequently Asked Questions** to promote responsible investment in ASM sector

✓ **Cooperation and technical assistance with the ICGLR, Liptako-Gourma Authority, and Colombia** on ASM formalisation regulation best practices including **Gold baseline assessments (West Africa, Colombia and DRC)** focusing on ASM supply chains
OECD Implementation Programme -
*Short, Medium, and Long Term Expectations*

**Short-term**
- Research papers on best practice in value/cost sharing across supply chains & best practice in use of distributed ledger technology (aka blockchain)
- Data gathering and launch of Risk Portal
- Expansion of “Train the trainer” programmes in South America, West Africa, and Central Africa
- Developing impact measurement framework

**Medium-term**
- Engagement with developing initiatives in other metals (e.g. ICA, ResponsibleSteel, Responsible Mica, etc.)
- Building cooperation with mutually reinforcing initiatives (e.g. EITI and Minamata Convention)
- Outreach to global exchanges and financial sector
- Awareness raising and connecting of law enforcement
- Engagement with National Competent Authorities for the EU Conflict Minerals Regulation
- Applying impact measurement framework

**Long-term**
- 10 year reflection on the Guidance
OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

FAQ on sourcing gold from artisanal and small scale miners

Gold industry and sector initiatives for the responsible sourcing of minerals (2014)

Mineral supply chain and conflict links in Eastern Democratic Republic of Congo

Report on due diligence in Colombia’s gold supply chain

OECD Council report on the implementation of the due diligence guidance
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http://mneguidelines.oecd.org/
http://www.oecd.org/corporate/mne/mining.htm