

OECD Responsible Mineral Supply Chains Implementation Programme

Rashad Abelson
Rashad.Abelson@oecd.org



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





Responsible mineral supply chains

Global support for OECD Due Diligence Guidance (2011)



Political

- **G8** (2007, 2008, 2009, 2011, 2013)
- **UN Security Council Resolutions on DRC** (2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016) **Ivory Coast** (2013, 2014, 2015) and **CAR** (2016)
- **ICGLR Heads of States Lusaka Decl.** (2010)
- **OECD Council Recommendation** (2011)
- **EU Parliament; CSR strategy + Commissioners** statement on raw materials
- **China-OECD Programme of Work**

Industry & Consumer

- **Consumer campaigns and civil society** (e.g. Amnesty Int'l, Global Witness, Human Rights Watch, PAC, Enough Project)
- **Industry:** EICC (electronics), AIAG (automotive), AIA (aerospace) LBMA, RJC & WGC (gold & jewellery), CCCMC (China), and DMCC (Dubai)



OECD-benchmarked industry audits cover **~85-90% of total refined gold production**



✓ OECD-benchmarked industry audits cover **~93% Ta, ~75% Sn, ~60% W production**

Legal & regulatory

- **Section 1502 of U.S. Dodd-Frank Act** conflict minerals reporting
- **EU regulation** on responsible mineral supply chains
- **Legal requirement in DRC, Rwanda, Burundi & Uganda**
- **Conflict Minerals Bill in Canada**
- **Relevant legislation on modern slavery & child labour** (e.g. UK & US)
- **AQSIQ China national standard & decrees** (*forthcoming*)



Responsible mineral supply chains

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





Responsible mineral supply chains

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, Responsible Cobalt Initiative
- 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)

Outreach Events

- [Latin American Workshop on Responsible Mineral Supply Chains](#), 1-2 December 2016, Bogotá, Colombia
- [Workshop on sustainable development of artisanal & small-scale mining in West Africa](#), 1-3 March 2017, Abidjan, Côte d'Ivoire
- West Africa Forum, Ouagadougou, 3 November 2017, Burkina Faso

Cooperation & partnerships

- Partnerships with World Bank (ASM) ; initial engagement with Interpol, FATF & WCO (Law Enforcement)
- Partnership with Autorite de Liptako & GIABA (West Africa report forthcoming)
- Initial participation in Kimberley Process Certification Scheme for diamonds
- Engagement with London Metals Exchange





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

[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](#)