



OECD handbook on risks associated with production and trade of natural resources

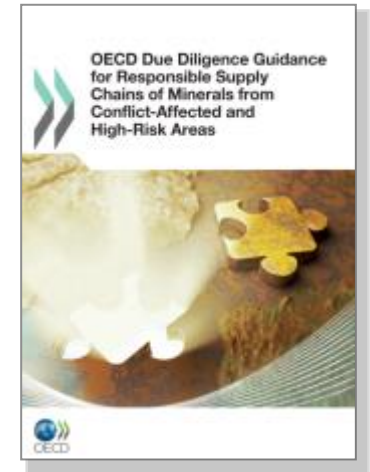
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OECD Due Diligence Guidance for Responsible Mineral Supply Chains

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

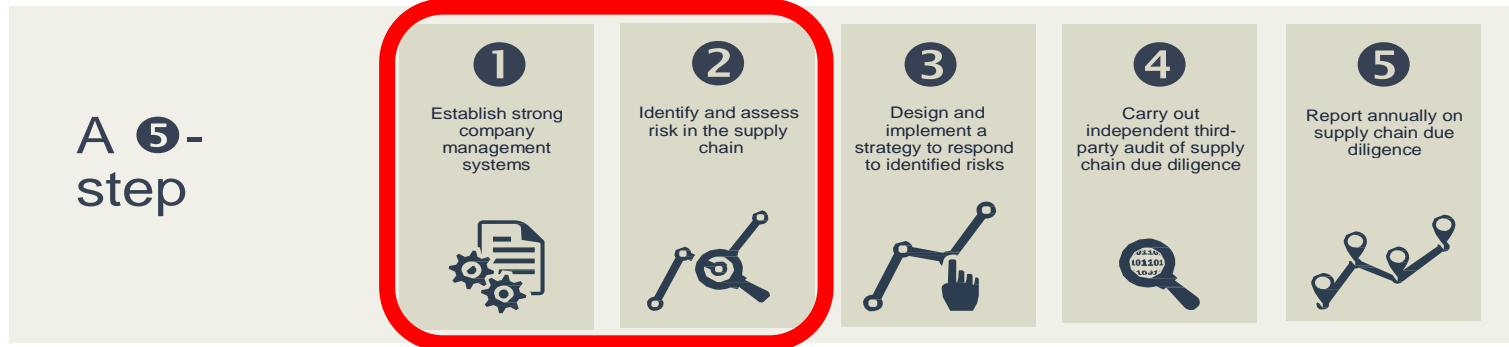
- ✓ **5-step risk-based due diligence process, applies to all minerals** & all companies throughout the entire mineral supply chain that **potentially contribute to conflict, serious abuses, bribery, tax evasion and money laundering** through mining or mineral sourcing practices

Principles

- ✓ **On-going, proactive and reactive** due diligence approach
- ✓ Due diligence is **risk-based**, i.e. intensity of due diligence proportional to risk
- ✓ **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
- ✓ While **collaboration is encouraged**, companies retain **individual responsibility** for due diligence



OECD Risk Handbook - Objectives



- The Handbook intends to **help enterprises** implement step 1 and 2 of the Guidance by:
 - providing information to **help companies identify the risks** of non-financial adverse impacts related to the production and trade of minerals and understand where they are most prevalent
 - helping companies **prioritize when exercising mineral supply chain due diligence**
 - covering the risks arising in production and trade, to inform **the entire supply chain**



What the Handbook does not do

- This Handbook **does not provide any recommendation** on how to exercise due diligence in the supply chains covered (*i.e. the Handbook will not lead to the development of additional “supplements” to the OECD Due Diligence Guidance*)
- The Handbook **does not intend to reinterpret** existing due diligence expectations (*i.e. all companies in the supply chain should exercise due diligence, the scope of implementation is global, etc.*)



State of play

- Numerous stakeholders consultations helped build **global support** for the project
- Informal expert group entails representatives of all **actors in supply chain**
- General methodology for data collection and referencing of risk allegation has been developed



Structure of the Handbook

3 main components

- 1. Information on supply chains for natural resources;**
- 2. Country specific information on Annex II risks and general risk information;**
- 3. Contextualised information on allegations of wrongdoing involving Annex II risks.**



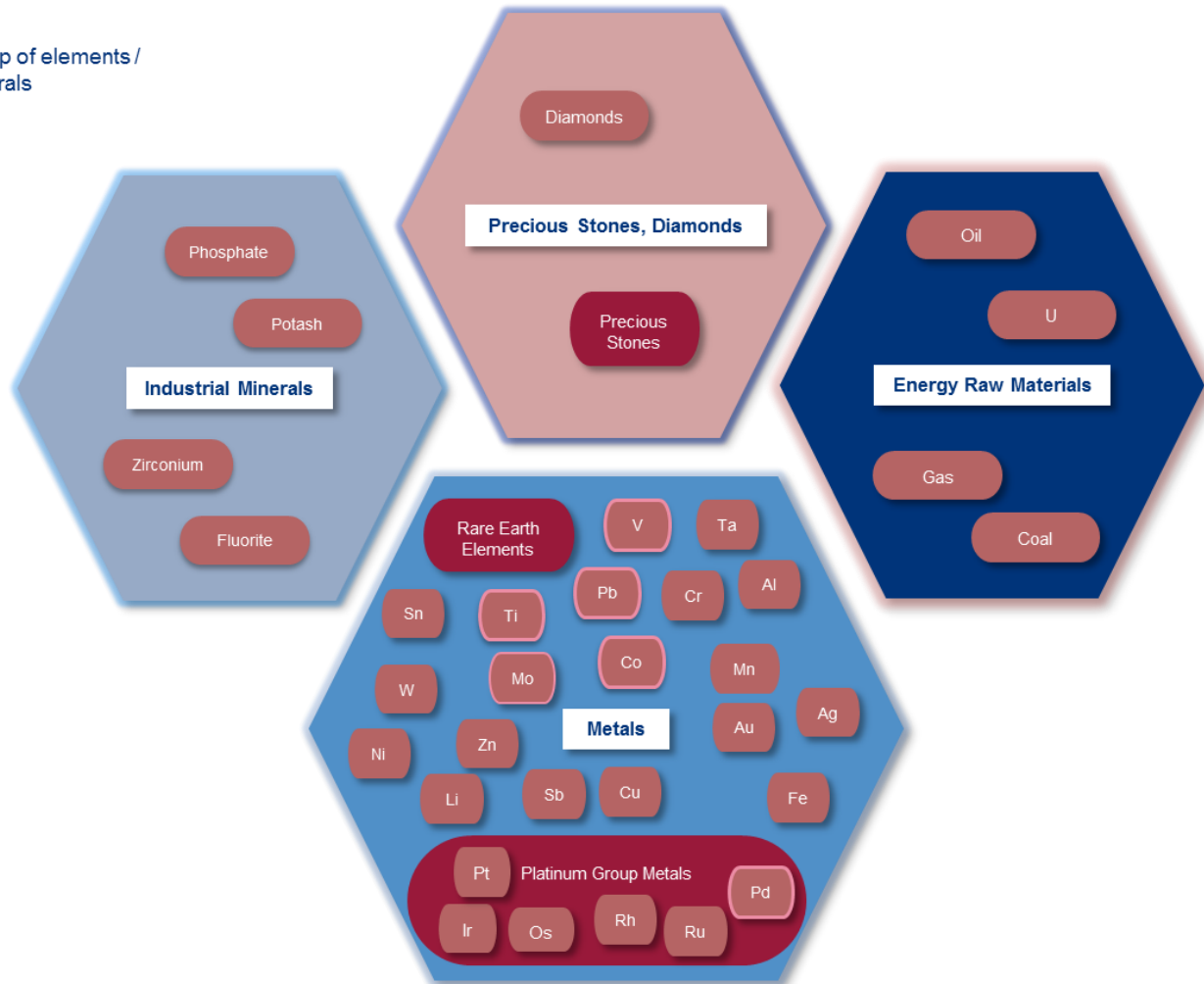
Supply Chain Information

- Objective
 - Provide an overview of all the most relevant and meaningful supply chain information, so that companies can develop a stronger understanding of the mineral resource they are dealing with.
- Design
 - Accessible (i.e. it should be digestible for non-specialists and free of charge);
 - Easily updatable (keeping in mind this Handbook is intended to become a permanent project).



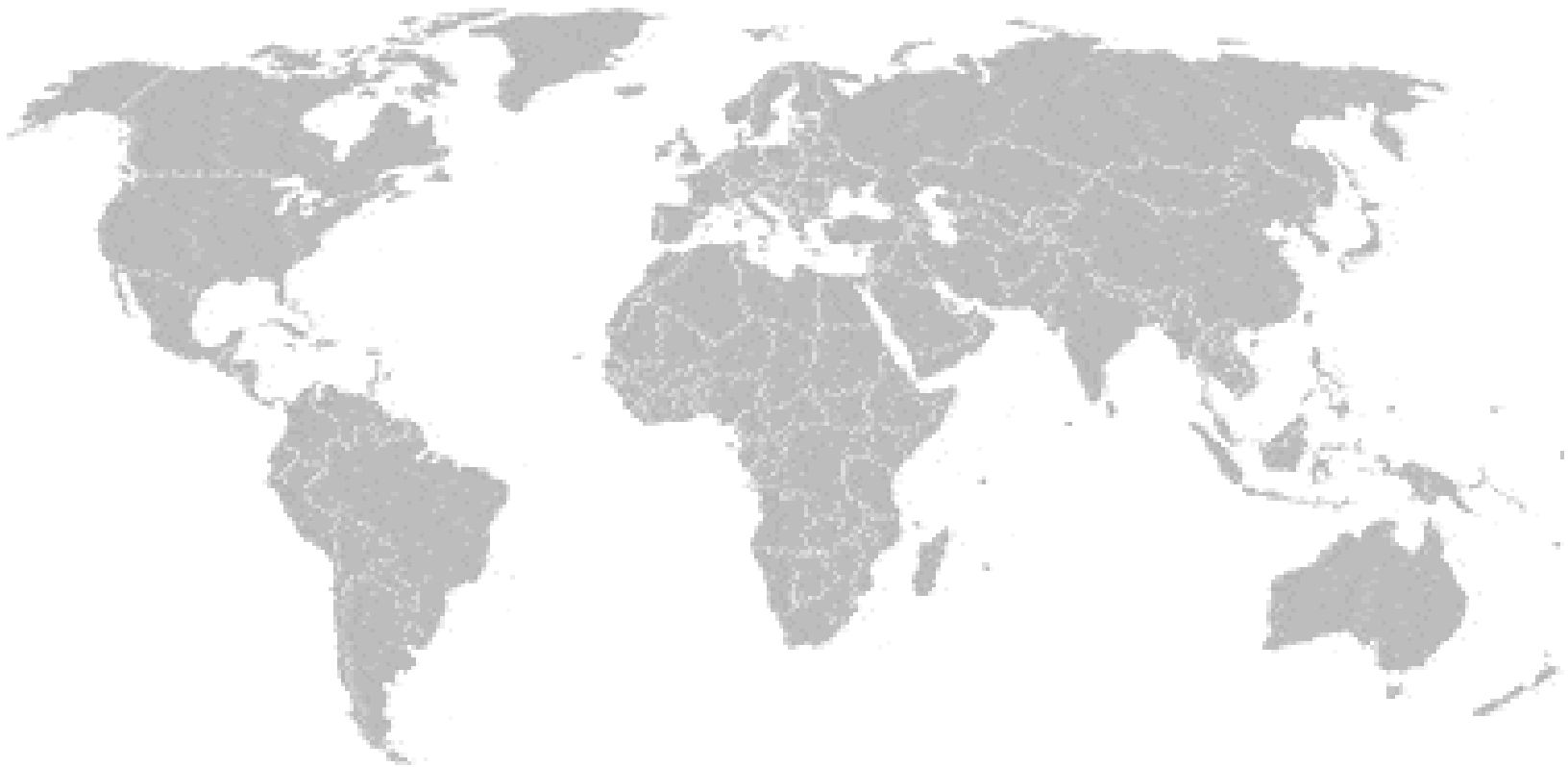
Natural resources covered

- Mainly primary production
- Mainly produced as by-product
- Group of elements / minerals





Country Specific Risk Information

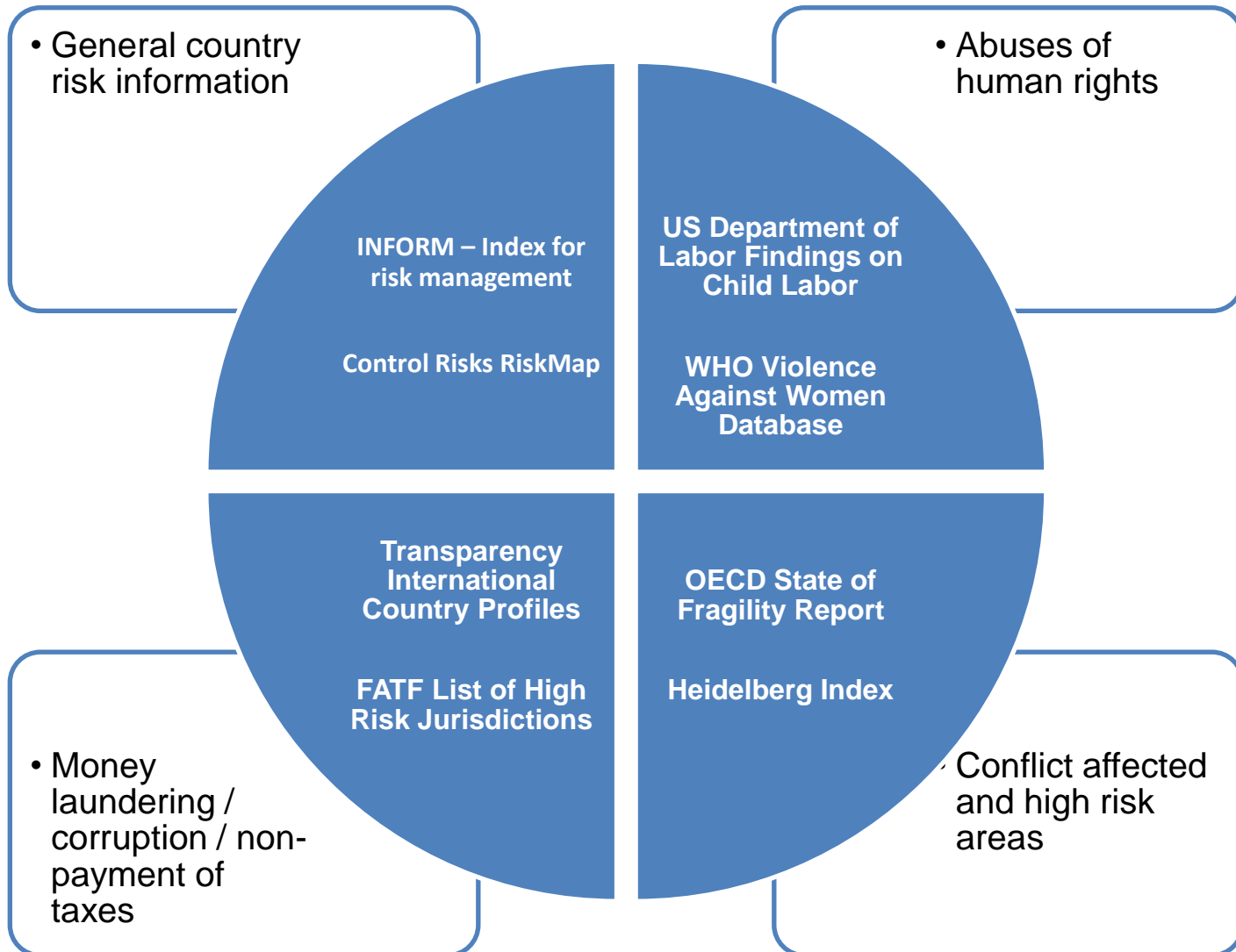


- Links to sources of relevant country specific information on Annex II risks to better inform due diligence inquiries.



Sources of Risk Information

Non-exhaustive list!





Allegations of wrongdoing

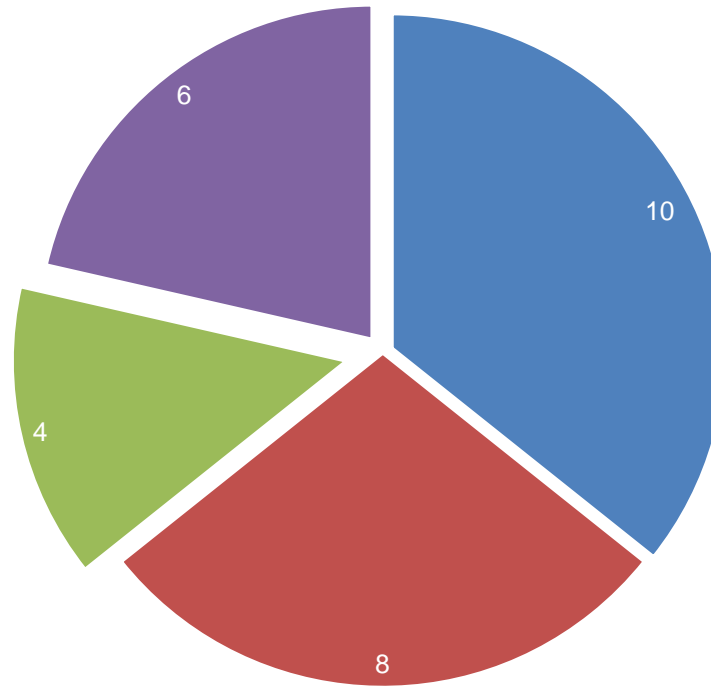
- Recent (within 5 years)
- Contextualised (including industry responses)
- From specific sources (article is dated and the author can be identified)





Sources of Allegation Information

- Gov't and IGOs
- Civil Society
- Press Reports
- Reports from Industry





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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