



DUE DILIGENCE **READY!**

Ensuring responsible minerals and metals supply chains

WHAT ARE 'CAHRAS'?

According to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (DDG), conflict-affected and high-risk areas (CAHRAs) are characterised by “the presence of armed conflict, widespread violence or other risks of harm to people.”

WHAT IS THE RESPONSIBLE SOURCING OF MINERALS FROM CAHRAS?

The OECD DDG is a framework that has been developed to enable companies to identify and manage risks associated to minerals in their supply chains.

It consists of a five-step framework, including:

1. 'Establish strong company management systems';
2. 'Identify and assess risks in supply chain';
3. 'Design and implement a strategy to respond to identified risks';
4. 'Carry out independent third-party audit of refiner's due diligence practices';
and
5. 'Report annually on supply chain due diligence'.

The OECD DDG has separate supplements for the 3Ts (tin, tantalum, tungsten), and gold. The OECD recommends small and medium-sized enterprises (SMEs) adapt the DDG in accordance with their own size and risk profile. The DDG is applicable to all minerals, however the responsible sourcing of tin, tungsten, tantalum and gold is specifically outlined in the document.



CAHRAs AND THE EU 'CONFLICT MINERALS' REGULATION. HOW DOES IT AFFECT MY BUSINESS?

The EU Regulation applies to EU importers of tin, tantalum, tungsten, their ores, and gold originating from CAHRAs with annual import volumes exceeding certain thresholds (see Annex I of the EU Regulation).

As of 1 January 2021, such entities will be required to conduct due diligence on their supply chain to ensure that the tin, tantalum, tungsten, and/or gold (whether in metal, ore, powder or concentrate form) they import do not contribute to the risks listed in Annex II of the OECD DDG. Some companies in the EU will be required to abide by the EU Regulation once it is effective.

HOW DO SMEs PLAY A ROLE IN RESPONSIBLE MINERAL AND METAL SOURCING?

SMEs play an important role in global mineral and metal supply chains. They therefore also have a role to play in responsible mineral and metal sourcing, which they can do by performing due diligence on their supply chains.

If you are an organisation that falls under the scope of the EU Regulation, you must conduct due diligence on your supply chains of tin, tungsten, tantalum and/or gold.

HOW DO COMPANIES KNOW IF THEY HAVE MINERALS FROM CAHRAs IN THEIR SUPPLY CHAINS?

It can be difficult for companies, including SMEs, to know if the tin, tungsten, tantalum and/or gold they source originates from CAHRAs.

Performing supply chain due diligence allows companies to check whether the minerals and metals they import come from CAHRAs, whether they have been sourced responsibly, and act upon that information should it not be the case. In doing so, companies can make better business decisions by building resilient supplier networks.