

Developed by



ADVANCING REPORTING ON RESPONSIBLE MINERAL SOURCING



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About this toolkit

This toolkit provides guidance primarily to downstream companies,¹ to report effectively on their commitments, due diligence, and positive impacts related to mineral sourcing in the supply chain, looking specifically at the social impact² of such activities.³ The guidance draws from internationally recognized frameworks, such as the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (*OECD Due Diligence Guidance for Responsible Supply Chains*), regulatory requirements, the results of the GRI-RMI [Corporate Leadership Group](#) on Reporting on Responsible Mineral Sourcing (CLG or GRI-RMI Corporate Leadership Group) organized by GRI and the Responsible Minerals Initiative (RMI), and voices from relevant stakeholders including upstream suppliers, smelters and refiners, civil society organizations, and socially responsible investors.

The resources in the toolkit can serve companies to improve reporting on addressing social impacts related to minerals sourcing. The document also provides examples of reporting practices.⁴ It highlights the benefits of reporting on responsible mineral sourcing, identifies common challenges and opportunities and expectations of different stakeholder groups. GRI and the RMI consider best practice in reporting if an organization has met stakeholder expectations. The toolkit is not meant to be prescriptive guidance, rather it can be a means to understand the synergies in stakeholders' reporting expectations, including those reflected in the OECD Due Diligence Guidance for Responsible Supply Chains and the GRI Standards. It is not an exhaustive guide, given the maturing landscape of reporting expectations and practice.

In line with the missions of GRI and the RMI, this toolkit will remain free and publicly available. More information on the development of this resource can be found [here](#).

Disclaimer

This publication, prepared by GRI and the RMI, is intended for general guidance on matters of interest only and does not constitute professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, GRI and the RMI, their members (if applicable), employees, partners and agents do not accept or assume any liability, responsibility or duty of care for any consequence of anyone acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

GRI and the RMI are committed to a multi-stakeholder approach. This document was created through consultation with stakeholders that have specific expertise or interest in responsible mineral sourcing and public reporting, from a variety of constituencies including investment institutions, civil society organizations, upstream and downstream supply chain actors, and international multilateral organizations. Any expectations shared with us by external stakeholders during this consultation process are incorporated in the toolkit on an aggregated basis.

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¹ Downstream companies process metals and minerals into finished products, while 'upstream' entities are those that extract, process and refine the raw materials – these include [mining companies, raw material traders, smelters and refiners](#). For an illustration, please see Figure 4. Source: [ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/](#)

² Social impact refers primarily to impacts covered in the so-called [Annex II](#) risks from the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas.

³ [For more information on the scope of this publication in the wider context of responsible sourcing, see Appendix A, What does sourcing responsibly mean with regard to mineral sourcing?](#)

⁴ Inclusion of examples from reporting organizations does not imply endorsement by GRI. These examples are included as a means of illustrating current reporting practice and as a source of inspiration.

1. List of acronyms and abbreviations

CMRT	The RMI's Conflict Minerals Reporting Template
CSO	Civil Society Organization
CRT	RMI's Cobalt Reporting Template
CMR	Conflict Minerals Reports
CAHRAs	Conflict-affected and High-risk Areas
CLG	Corporate Leadership Group
Dodd-Frank Act	U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502
DRC	Democratic Republic of the Congo
EU	European Union
Form SD	Specialized Disclosure Form
GAAP	Generally Accepted Accounting Principles
Guiding Principles	UN Guiding Principles on Business and Human Rights
IPSA	Independent Private Sector Audit
IFRS	International Financial Reporting Standards
IPIS	International Peace Information Service
KPIs	Key Performance Indicators
OECD	Organisation for Economic Co-operation and Development
RCOI	Reasonable Country of Origin Inquiry
RMAP	Responsible Minerals Assurance Process
RSN	Responsible Sourcing Network
SEC	Securities and Exchange Commission
Sida	Swedish International Development Cooperation Agency
SIQ	Smelter Information Questionnaire
SOR	Smelter or refiner
3TG	Tantalum, tungsten, tin and gold
RMI	The Responsible Minerals Initiative
SDGs	Sustainable Development Goals
UN PRI	UN Principles for Responsible Investment

2. How to navigate this resource

While this toolkit is primarily concerned with the reporting expectations for downstream companies on mineral value chains, the resources, approaches, and tools can be relevant to companies throughout the value chain, or in other commodity value chains where extraction and trade are linked to conflict and adverse impacts on human rights.

Background information can be found in the following sections:

- [Background and context for responsible mineral sourcing](#)
- [What is the global response to issues surrounding mineral sourcing?](#)
- [How does responsible mineral sourcing contribute to achieving the Sustainable Development Goals \(SDGs\)?](#)
- [What are stakeholder expectations regarding reporting?](#)
- [Regulatory expectations for mineral sourcing](#)

To expand sustainability reporting to include aspects related to mineral sourcing, organizations can explore the process to establish whether topics related to minerals sourcing are [material to their organization](#). Identifying whether your organization has significant impacts on the economy, environment, or society through the mineral value chain and/or whether the impacts substantively influence your stakeholders' assessments or decisions indicates whether contents related to minerals sourcing should be included in reporting. If [existing regulation](#) affects your organization or entities in your supply chain, reporting may already be necessary for legal compliance.

This toolkit also contains **information that can help organizations improve current [reporting on due diligence](#) and reporting on the [impacts of mineral sourcing](#)**. These sections consolidate the input received from participants in the GRI-RMI Corporate Leadership Group on Reporting on Responsible Mineral Sourcing;⁵ they summarize challenges, provide advice to address them and present specific disclosures and suggestions of information to be reported to guide the reporting process. Reporting examples are presented on pages with a dark blue border.

⁵ Learn more about GRI's Corporate Leadership Groups [here](#).

3. Executive summary

Although consumers may not realize it, minerals are ubiquitous in everyday products. Minerals such as tantalum, tungsten, tin and gold (3TG) and cobalt are essential components to our mobile phones, computers and cars. In the past decade, a growing expectation that companies will respect human rights, labor rights, the environment, and business ethics in their operations and throughout their supply chains, has drawn more attention and made companies in the mineral value chain identify, cease, prevent, or mitigate, as well as track and communicate⁶ the adverse impacts of mineral extraction and trade in their value chains, and to publicly disclose actions and outcomes.

Reporting expectations for businesses are articulated in globally recognized frameworks including the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance for Responsible Supply Chains), as well as regulations based on the latter, including the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502 (Dodd-Frank Act) and the more recent European Union (EU) Mineral Supply Due Diligence Regulation. However, the expectation of civil society, investors and other stakeholders has moved towards reporting that goes beyond complying with regulation.

For downstream companies that seek to meet the expectations of a wide variety of stakeholders, it is helpful to know how this can be done most effectively. The toolkit explores ways to identify significant impacts and stakeholder interest. GRI's concept of materiality brings into focus how stakeholder interest or significant impacts render topics related to mineral sourcing as material and thus should be reported.

Further, companies can find resources for reporting on their due diligence and supportive measures taken, and can select the reporting contents applicable to their own sustainability reporting. The reporting contents presented in this toolkit originate from regulations, international instruments such as relevant OECD guidance documents, the GRI Standards, reporting templates such as the RMI's Conflict Minerals Reporting Template (CMRT) or the Cobalt Reporting Template (CRT), as well as suggestions made by participants in the GRI-RMI Corporate Leadership Group meetings. These contents can be integrated into wider sustainability reporting.

The toolkit also includes a section on information-sharing challenges in the value chain such as business confidentiality. It further supports companies when reporting on responsible mineral sourcing with information to meet specific stakeholder demands for transparency on the actual risks and adverse impacts that an organization identified, and an indication of the information needed to respond to interest on the effectiveness of due diligence processes, or progress, as well as on the positive impacts that organizations have.

Throughout, the toolkit offers examples of current reporting practice and lists of tools that can aid in reporting on due diligence, supportive measures and impacts related to mineral sourcing.

⁶ Pg. 21, <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

4. Background and context for responsible mineral sourcing

Responsible mineral sourcing means addressing impacts of sourcing minerals that lead to negative economic, environmental, or social impacts. This can be done through a combination of measures, including policies, due diligence, and remediation. It can also mean making positive contributions in places where the sourcing is happening.

Globally, the natural resources sector plays a significant social, economic and political role, accounting for a quarter of global GDP.⁷ Commodities like diamonds, gemstones, copper, coal, cobalt, mica, as well as tungsten, tantalum, tin and gold (known as 3TG), are refined or processed and exported across the world and manufactured into products people use every day. But their extraction has been linked to funding non-state armed groups – diamonds and gold in Cote d'Ivoire, gold, tungsten, tantalum, and coal in Colombia, diamonds in Zimbabwe, gemstones in Myanmar, gemstones, copper and timber in Afghanistan, and tin, tantalum, tungsten and gold in the Democratic Republic of the Congo (DRC).⁸

The DRC has a long history of conflict, and its consequences, particularly smuggling, have tended to spill over into neighboring Uganda, Rwanda, and Burundi. This has been partly sustained financially by mining in the region.⁹ While the extraction of 3TG greatly contributes to the local economy, it has also fueled conflict and human rights abuses in the African Great Lakes Region. Rebel groups and local militias alike have intercepted the flow of money via extortion, and used the revenues for their activities. By 2014, almost three million civilians had been displaced from the eastern DRC due to ongoing armed conflict;¹⁰ and the minerals mined in the region, particularly 3TG, became widely known as conflict minerals.¹¹

While not formally considered a conflict mineral, cobalt has also been linked to human rights abuses in the DRC.¹² Largely used in batteries for electric vehicles and electronic devices, the demand for cobalt is on the rise: the price has more than tripled since 2016. Half of the world's supply of cobalt is sourced from the DRC and is sometimes linked to child labor in the artisanal and small-scale mining sector.¹³ This means supply chain due diligence will remain of utmost importance.¹⁴ Stakeholder groups have pushed for companies and governments to address risks in the cobalt supply chain due to the presence of serious human rights abuses.¹⁵

⁷ <http://www.worldbank.org/en/topic/extractiveindustries/overview>

⁸ https://www.globalwitness.org/sites/default/files/GlobalWitnessConflict_ResourcesAndTheirSupplyChains-Logo.pdf

⁹ <http://www.easterncongo.org/about-drc/history-of-the-conflict>

¹⁰ <https://www.globalwitness.org/en-gb/campaigns/conflict-minerals/conflict-minerals-eastern-congo/>

¹¹ It should be noted that the term 'conflict minerals' refers to the strong potential link of 3TG and other minerals or derivatives to directly or indirectly contributing to conflict and human rights abuses. International expectations are not to avoid sourcing these minerals, but to ensure that products are conflict-free, i.e., when sourcing, ensure that they do not contain minerals that directly or indirectly finance or benefit armed groups in the DRC or an adjoining country. For exact definitions in key references, see [Appendix B](#) on key terms.

¹² <http://go.asyousow.org/mtd17>

¹³ <https://www.amnesty.org/en/documents/afr62/3183/2016/en/>

¹⁴ <https://www.bloomberg.com/news/articles/2018-02-21/apple-is-said-to-negotiate-buying-cobalt-direct-from-miners>

¹⁵ <https://www.bloomberg.com/news/articles/2018-02-15/sweden-hunts-for-cobalt-as-electrical-vehicle-race-boosts-demand>

¹⁶ <https://www.sourceintelligence.com/cobalt-new-conflict-mineral/>



Calling for due diligence on minerals value chains is a global response to the link between resource extraction and human rights abuses. The past decade has seen the emergence of international guidance and regulation to decouple the link between global sourcing of 3TG and other minerals from perpetuating conflict and human rights abuses. This toolkit acknowledges the growing breadth of geographies and commodities linked to human rights abuses as well – while setting a focus on reporting on sourcing 3TG from the DRC and adjoining countries, the contents in this toolkit may inspire reporting on minerals beyond 3TG and cobalt and from geographic areas outside of the area.

Mineral sourcing can also lead to environmental impacts including erosion, deforestation, biodiversity loss, and water pollution. In the process of gold mining, for example, mercury emissions into the soil and water lead to contamination of resources used for consumption.^{17, 18} Although this toolkit focuses on social impacts, environmental impacts should be included in reporting if they relate to topics that are material for the organization.

17 <https://www.bsr.org/our-insights/blog-view/sustainable-sourcing-of-minerals-in-the-democratic-republic-of-the-congo>

18 <http://congomines.org/system/attachments/assets/000/000/349/original/PACT-2010-%20ProminesStudyArtisanalMiningDRC.pdf?1430928581>

5. What is the global response to social impacts in mineral supply chains?

The presence of 3TG and cobalt in everyday items such as cell phones, computers and cars means that the impacts of mineral sourcing are present in everyday consumer life.¹⁹ With growing awareness, activist organizations, local and international governmental and non-governmental bodies, and investors have pushed for better governance, ownership of responsibility, and transparency on the part of the business sector.

In 2010, the OECD published a global guidance for organizations on conducting due diligence and sourcing minerals responsibly and reporting the results – the [OECD Due Diligence Guidance for Responsible Supply Chains](http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf).²⁰ The guidance does not explicitly define a set of ‘conflict minerals’ nor does it focus on the African Great Lakes Region, though it does contain specific supplements for due diligence on tin, tantalum, tungsten, and gold. The Guidance is applicable to all minerals and includes a global geographic scope, focusing on conflict-affected and high-risk areas (CAHRAs).²¹

Laws such as Dodd-Frank Act of 2010, have also called attention to the issue, recommending that publicly traded companies employ due diligence systems aligned with recognized international or national frameworks to understand whether conflict minerals are present within their supply chains, to take corresponding actions, and to report the results.²²

In Europe, the EU Mineral Supply Due Diligence Regulation, passed in 2017, to be enforced in 2021, will require that upstream companies (EU importers of 3TG minerals and metals) follow the five steps of the *OECD Due Diligence Guidance for Responsible Supply Chains* and that EU member states address issues of organizations’ non-compliance.²³ Unlike the Guidance, both of these regulations take a more narrow definition of minerals within scope, focusing specifically on 3TGs. But as calls for transparency in minerals supply chains increase, more attention is also being given to the sourcing of minerals such as cobalt, copper, and mica, and human rights risks in these supply chains.^{24, 25, 26} Another example is the [Kimberley Process](http://www.kimberleyprocess.com/), established in the early 2000s to prevent the trade of conflict diamonds. Understanding how responsible sourcing and due diligence processes are being applied across minerals, metals, and gemstones can lead to greater insight into effective approaches in different mineral value chains. Future work on this topic can help identify opportunities for collaborative action that is still needed to report how common adverse impacts related to mineral sourcing are addressed.

19 <https://www.fastcompany.com/1726263/regulation-takes-aim-reputation-dodd-franks-conflict-minerals-provision>

20 <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

21 CAHRAs are characterized by “...the presence of armed conflict, widespread violence or affected areas and other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character; which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterized by widespread human rights abuses and violations of national or international law.” <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>, p. 13

22 <https://www.sec.gov/opa/Article/2012-2012-163htm---related-materials.html>

23 <http://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/>

24 <http://go.asyousow.org/mtd17>

25 <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/congo-democratic-republic>

26 <https://www.responsible-mica-initiative.com/the-mica-issue.html>



While the *OECD Due Diligence Guidance for Responsible Supply Chains* is applicable to any region, and the adverse impacts of mineral sourcing are global, regulatory influence to date has focused efforts on the African Great Lakes Region. Civil society organizations, such as Global Witness, have also called attention to other regions where sourcing is linked to the [Annex II](#) risks described in the *OECD Due Diligence Guidance for Responsible Supply Chains*. Much of the work presented in this toolkit can be extrapolated and applied to any CAHRAs. These include Colombia, where the sourcing of gold, tungsten, and tantalum funds armed groups; Myanmar, where gemstone sourcing is under control of ‘abusive military forces’; and Afghanistan, where the sourcing of gemstones, copper, and timber funds warlords, according to Global Witness.²⁷

6. How does responsible mineral sourcing contribute to achieving the SDGs?

The 2030 Agenda for Sustainable Development and the [Sustainable Development Goals \(SDGs\)](#) are an unprecedented opportunity to positively contribute to environmental and societal challenges and for companies in all sectors to transparently report on their efforts. Historically, mining has been associated with many of the challenges the SDGs are trying to address – including environmental degradation, population displacement, worsening economic and social inequality, armed conflicts, gender-based violence, tax evasion and corruption, increased risk for many health problems, and human rights violations.²⁸

Figure I Mineral sourcing linkage to SDGs 8, 12, and 16



Companies are beginning to understand how the elimination of adverse impacts related to mineral sourcing contributes to achieving the SDGs and have already begun linking this topic to SDGs in their reporting.²⁹

For mineral sourcing, prominent adverse impacts are related to conflict minerals and are reflected in SDG Target 8, which calls for “sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.”³⁰ Specifically, SDG Target 8.7, which calls for “immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms,”³¹ refers to issues like forced labor, child labor, and other abuses that are likely to exist within the mining sectors in CAHRAs around the world.³² Responsible mineral sourcing is thus a significant global contributor to reach this SDG target.³³

28 http://unsdsn.org/wp-content/uploads/2016/11/Mapping_Mining_SDGs_An_Atlas.pdf

29 e.g.: Pg. 10, <https://h20195.www2.hp.com/V2/GetDocument.aspx?docname=A00015938ENW>

30 <https://sustainabledevelopment.un.org/sdg8>

31 <https://sustainabledevelopment.un.org/sdg8>

32 https://www.somo.nl/global-mica-mining/?utm_source=SOMO+Newsletter&utm_campaign=d78d95c017-EMAIL_CAMPAIGN_2018_03_20&utm_medium=email&utm_term=0_ba1b8b451d-d78d95c017-246499681

33 <https://www.freetheslaves.net/wp-content/uploads/2015/03/The-Congo-Report-English.pdf>

Figure 2 Extract from Hewlett Packard Enterprise's (HPE) 2017 Living Progress Report which illustrates how companies are linking their sustainability strategies and targets to the SDGs³⁴

	<p>Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.</p>	<ul style="list-style-type: none"> • We are committed to protecting workers throughout our supply chain and to preventing forced labor and human trafficking • We remain active in the Leadership Group for Responsible Recruitment • We were the first IT company to require our suppliers to hold direct employment contracts with foreign migrant workers, and we advocate for others to make similar commitments in the IT sector and beyond 	<ul style="list-style-type: none"> • Human rights • Ethical sourcing • Public policy engagement • Inclusion and diversity
	<p>Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.</p>	<ul style="list-style-type: none"> • We work directly with labor and recruitment agents regarding their employment practices • We promote public policies that encourage growth and innovation. Specifically, we support laws that protect intellectual property, remove trade barriers, promote competition, and encourage economic development • We spent over \$1 billion in 2017 with small enterprises as well as minority, women, and veteran-owned businesses • In 2017, our diversity and inclusion efforts were acknowledged with 100% ratings by the Human Rights Equality Index and the U.S. Business Leadership Network Disability Equality Index 	<ul style="list-style-type: none"> • Human rights • Ethical sourcing • Public policy engagement • Inclusion and diversity

SDG 12, which aims to “ensure sustainable consumption and production patterns”,³⁵ also reflects impacts of mineral sourcing. Sustainable production and consumption requires collaboration and communication between the producer and end users across entire supply chains in order to identify efficiencies and provide downstream users or consumers with information about the origin of the raw materials and products they use.³⁶ Promoting human rights due diligence and transparent reporting of impacts can be seen as a responsible sourcing approach that helps to promote more sustainable consumption and production in the mining sector.

Further, SDG 16, which calls to “promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”,³⁷ is relevant to mineral sourcing. Particularly SDG Target 16.4, which calls to “significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets, and combat all forms of organized crime” by 2030.³⁸ Increased transparency and due diligence will contribute towards this goal by highlighting areas and mines controlled by arms groups, avoiding illicit transfers of funds to such groups, ensuring transparent reporting of revenue flows, and supporting the involvement of citizens and communities in extractives development.³⁹

³⁴ <https://h20195.www2.hpe.com/v2/Getdocument.aspx?docname=a00048490enw>

³⁵ <https://sustainabledevelopment.un.org/sdg12>

³⁶ http://unsdsn.org/wp-content/uploads/2016/11/Mapping_Mining_SDGs_An_Atlas.pdf

³⁷ <https://sustainabledevelopment.un.org/sdg16>

³⁸ <https://sustainabledevelopment.un.org/sdg16>

³⁹ http://unsdsn.org/wp-content/uploads/2016/11/Mapping_Mining_SDGs_An_Atlas.pdf

7. What are stakeholder expectations regarding reporting and what is the relevance for business?

Regulators, investors, consumers, and other stakeholders have certain expectations regarding responsible minerals sourcing and request transparency for their informed decision-making. Meeting these expectations is one important driver for companies to report how they address actual and potential impacts, through due diligence and supportive measures. Further, collecting data to meet stakeholder information expectations helps companies to successfully manage compliance, supply, and reputational risk, among others.

Global expectations regarding respect for human rights, for example those included in the UN Guiding Principles on Business and Human Rights (Guiding Principles) for reporting on the adverse impacts related to human rights issues,^{40, 41} are relevant for companies' sourcing activities for minerals from conflict-affected and high-risk areas. In implementing the UN's 'Protect, respect, and remedy' framework,⁴² the Guiding Principles ask companies to identify their impacts on human rights, take concrete actions to address them, implement measures to mitigate adverse impacts in the future, and communicate⁴³ how impacts are addressed. For example, Principle 17 of the UN Guiding Principles asks companies to conduct human rights due diligence processes and, where necessary, address adverse impacts which the business may cause, contribute to or can be directly linked to as a result of "businesses' own activities or as a result of their business relationships with other parties" (Principle 13).

Investors are also demanding information.^{44, 45} For example, In 2014, a number of investors expressed their support of an EU Mineral Supply Due Diligence Regulation, asking for any new regulation to be harmonized with the Dodd-Frank Act.⁴⁶ Further, when Section 1502 of the Dodd-Frank Act was being revisited by the US government in 2017, 127 investors and investor groups voiced their support for Section 1502, pointing to the positive changes it had contributed to by diminishing revenue flows to non-state armed groups. In a letter addressed to the United States Securities and Exchange Commission (SEC), the investor groups, with a collective \$4.8 trillion in assets, describe how conflict minerals due diligence is material to them as it helps them assess social and reputational risks in an organization's supply chain, and assess an organization's efforts to mitigate mineral supply risks.⁴⁷ Examples of reports and campaigns that outline investor expectations can be seen in the Box A below.

Box A Investor expectations

- Investor Alliance for Human Rights (IAHR): [Investor Expectations on Conflict Mineral Reporting](#)
- Triodos: [Responsible sourcing of minerals engagement](#)
- Tri-State Coalition for Responsible Investment (TRI-CRI): [Shifting Gears Campaign](#)
- UN Principles for Responsible Investment (PRI): [Drilling Down into the Cobalt Supply Chain: How Investors Can Promote Responsible Sourcing Practices](#)

40 http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

41 https://www.shiftproject.org/media/resources/docs/Shift_MaturityofHumanRightsReporting_May2017.pdf

42 <https://www.business-humanrights.org/en/un-secretary-generals-special-representative-on-business-human-rights/un-protect-respect-and-remedy-framework-and-guiding-principles>

43 Pg. 17, http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

44 https://investorsforhumanrights.org/sites/default/files/attachments/2018-06InvestorExpectationsConflictMineralReporting_5.31.18_FINAL.pdf

45 <https://www.unpri.org/social-issues/how-investors-can-promote-responsible-cobalt-sourcing-practices/2975.article>

46 <https://www.actiam.nl/nl/verantwoord/Documents/Land/Investor-statement-on-EU-conflict-minerals-legislation.pdf>

47 <http://news.bostoncommonasset.com/wp-content/uploads/2017/03/Conflict-Minerals-Rule-Investor-Statement-Submission-3-7-17.pdf>

“As part of industry working groups, including one set up by the Principles for Responsible Investment, we collaborated to encourage the expansion of disclosure beyond the requirements of the Dodd-Frank Act [...] One software giant, for example, acknowledged that additional reporting and further discussion on this issue, internal as well as external, was warranted. The company substantially improved its disclosure and committed to adhering to industry best practice on conflict minerals in its supply chain. After gaining significant reassurance about the extensive supply chain management procedures the company has in place, we met our engagement objective. Another consumer technology leader pioneered supply chain transparency especially in cobalt and acknowledged that mining communities are especially vulnerable to human rights violations. Building on their existing community work, we hope to see that on the ground social impact data be better integrated into their supply chain management process and is reflected in their supplier progress report.”

HERMES EQUITY OWNERSHIP SERVICES OF
HERMES INVESTMENT MANAGEMENT

A growing number of resources and publications are becoming available to these audiences – beyond individual company reports – that analyze and evaluate how companies report on their mineral due diligence efforts. Examples of evaluative studies can be found in the Box B below.

Box B Evaluative studies analyzing current reporting practices

- Amnesty International: [Time to Recharge \(2017\)](#)
- Enough Project: [Conflict Minerals Rankings \(2010, 2017\)](#)
- Development International: [Conflict Minerals Issuer Evaluations \(2015, 2016, 2017, 2018\)](#)
- Global Witness: [Time to Dig Deeper \(2017\)](#)
- Know the Chain: Company Benchmarks
- Responsible Sourcing Network (RSN): [Mining the Disclosures \(2015, 2016, 2017, 2018\)](#)

Many companies have committed to responsible sourcing to match their peers and to respond to the expectations of a more sustainability-focused market,⁴⁸ as civil society organizations and consumers have also taken an interest in the impacts of mineral sourcing and companies’ efforts in responsible sourcing in general or minerals due diligence in particular. Some companies, like Fairphone, have built their business models on creating socially sustainable supply chains, including responsibly-sourced minerals.^{49, 50} In the jewelry sector, companies such as Brilliant Earth and JEM sell traceable, responsibly-sourced diamonds and gold.^{51, 52} Consumers also have higher access to information – organizations like the [Enough Project](#) have made it easier for consumers to be more discerning by ranking the efforts of consumer electronics and jewelry companies on criteria including conducting mineral due diligence across value chains and reporting.⁵³

48 https://www.washingtonpost.com/business/economy/why-apple-and-intel-dont-want-to-see-the-conflict-minerals-rule-rolled-back/2017/02/23/b027671e-f565-11e6-8d72-263470bf0401_story.html?utm_term=.b94d0ae817d9

49 <https://www.fairphone.com/en/>

50 <https://tonyschocolonely.com/nl/nl>

51 <https://www.brilliantearth.com/conflict-free-diamonds/>

52 http://www.jem-paris.com/en/world_of_jem/commitments

53 Find more information on the methodology, evaluation criteria, and company responses here: https://enoughproject.org/demandthesupply?utm_source=shares&utm_campaign=Rankings2017

Industry organizations have also articulated their own mineral supply chain due diligence standards and expectations for reporting via the development and evolution of mineral/metal specific supply chain standards. Examples of voluntary industry standards related to responsible mineral sourcing and reporting on due diligence can be found in Box C below.

Box C Examples of industry expectations on responsible mineral sourcing and reporting

- [Aluminium Stewardship Initiative Performance Standard \(2017\)](#)
- [CRAFT \(Code of Risk-mitigation for ASM engaging in Formal Trade\) Standard \(2018\)](#)
- [Initiative for Responsible Mining Assurance \(IRMA\) Standard for Responsible Mining \(2018\)](#)
- [International Council on Mining and Metals \(ICMM\) Performance Expectations \(Performance Expectation 10\) \(2018\)](#)
- [International Tin Association, Code of Conduct](#)
- [London Bullion Market Association \(LBMA\) Responsible Gold Guidance \(2018\)](#)
- [Responsible Jewellery Council \(RJC\) Chain of Custody Certification \(2017\), Code of Practices Certification \(2019\)](#)
- [RMI Standards for Tin, Tantalum, Tungsten, Gold, and Cobalt](#)
- [World Gold Council: Conflict-Free Gold Standard \(2012\)](#)

[Appendix C](#) contains more information on several evaluative studies that have analyzed current practices related to responsible minerals sourcing and reporting from different entities in the mineral value chain. It looks at reporting practices vis-à-vis the company's implementation of the five steps outlined in the OECD Due Diligence Guidance for Responsible Supply Chains and/or based on criteria related to environmental and social impacts, such as worker safety or environmental impact assessments. Findings across the studies and across value chain entities (downstream reporters, smelters and refiners, mineral exporters, and small and mid-tier mining companies) demonstrate an overall lack of reporting, especially when it comes to disclosing information on due diligence processes.



8. What are governmental expectations and requirements related to responsible mineral sourcing?

While not legally binding, the *OECD Due Diligence Guidance for Responsible Supply Chains* has been widely adopted as a recommended framework by certification schemes and regulatory instruments. International attention to the adverse impacts of mineral sourcing has led to legislation, namely the Dodd-Frank Act and the EU Mineral Supply Due Diligence Regulation. These will be presented in this chapter, along with the EU Non-Financial Reporting Directive, with a particular focus on reporting expectations. Both the Dodd-Frank Act and the EU Mineral Supply Due Diligence Regulation reference and uphold the *OECD Due Diligence Guidance for Responsible Supply Chains*.

8.1 Dodd-Frank Wall Street Reform and Consumer Protection Act

What is it and what is its purpose?

The Dodd-Frank Act was signed into U.S. federal law in 2010, bringing about significant changes to financial regulation. Section 1502 of this Act, also known as the Conflict Minerals Provision, requires public companies in the United States to determine whether 3TG 'conflict minerals' from the DRC and/or nine adjoining countries are present in their supply chains through appropriate supply chain due diligence using a recognized international framework like the OECD and then to disclose this to the SEC using a Specialized Disclosure Form (Form SD).

The purpose was to identify the risk of sourcing conflict minerals and dissuade companies from continuing to engage in trade supporting armed conflict. Section 1502 was made applicable to all SEC issuers (including foreign issuers) that manufacture or are contracted to manufacture products that use conflict minerals.

Section 1502's defines the term 'conflict mineral' to mean:

- i. "Columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives, which are limited to tantalum, tin, and tungsten, unless the Secretary of State determines that additional derivatives are financing conflict in the Democratic Republic of the Congo or an adjoining country; or

- ii. Any other mineral or its derivatives determined by the Secretary of State to be financing conflict in the Democratic Republic of the Congo or an adjoining country."⁵⁴

The EU Mineral Supply Due Diligence Regulation has taken a similar definition.⁵⁵

⁵⁴ <https://www.sec.gov/rules/final/2012/34-67716.pdf>, pg. 352. An adjoining country is defined as any state that shares an internationally recognized border with the DRC.

⁵⁵ <http://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/>

What companies are in scope of this regulation?

The industries that are most affected by the regulation due to their use/applications of 3TG are electronics, communications, aerospace, automotive, jewelry, and industrial products.⁵⁶

At its conception, Section 1502 aimed to make a significant positive impact to break the link between the minerals trade and armed conflict in the DRC and adjoining countries. While there is no regulatory penalty for companies that choose not to conduct due diligence on their 3TG supply chains, companies that do not disclose may be punished by the market. In the spring of 2017, enforcement of part of Section 1502 was retracted, risking a reversal of the progress achieved in promoting responsible mineral sourcing practices in the DRC region.⁵⁷ Following this ruling, both the quality of disclosures and the number of Specialized Disclosure Forms fell compared to previous years, according to a study by the Responsible Sourcing Network (RSN).⁵⁸ The lack of regulatory enforcement means companies are less likely to report – however, companies in sectors that are more prevalent in consumers' everyday lives, such as the technology and jewelry sectors, have stated that their reporting on their efforts in addressing conflict minerals issues will continue.⁵⁹

“Issues around raw material sourcing and responsible procurement of minerals and metals have become more prominent in recent years. For our signatories and their long-term approach to value appreciation in their portfolios, assessing information around these topics as part of the investment decision-making process has become increasingly important. Compliance with all applicable regulation and going beyond the basic requirements in reporting has become a crucial step that is reviewed in decision-making processes within investment communities.”

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(UN PRI)

Application of OECD Due Diligence Guidance for Responsible Supply Chains to Section 1502 requirements

The RMI Five Practical Steps for Conflict Minerals Due Diligence and SEC Disclosure describes the steps companies should take to fulfil Dodd-Frank obligations using the OECD Due Diligence Guidance for Responsible Supply Chains. The latter are much broader than the SEC requirements. Most critically, the definition of due diligence differs between the two.

While the SEC ruling defines it as the measures an issuer takes to “exercise due diligence on the source and chain of custody of those conflict minerals”⁶⁰, the OECD describes it as an “on-going, proactive, and reactive process through which companies can identify, prevent, mitigate, and account for how they address their actual and potential adverse impacts as an integral part of business decision-making and risk management systems.”⁶¹ Once more, in the OECD framing, due diligence is broader, focusing on a continued engagement with suppliers, going beyond due diligence as a tool to be used for legal compliance.⁶²

A study conducted by Development International found that there were many gaps across the quality of Conflict Minerals Reports (CMR) filings in 2016. While, on average, compliance with SEC rules was quite high, alignment with the OECD's Guidance showed room for improvement.⁶³

⁵⁶ [http://www.ey.com/Publication/vwLUAssets/EY_ConflictMinerals/\\$FILE/EY_ConflictMinerals.pdf](http://www.ey.com/Publication/vwLUAssets/EY_ConflictMinerals/$FILE/EY_ConflictMinerals.pdf)

⁵⁷ <https://www.reuters.com/article/us-usa-trump-conflictminerals/white-house-plans-directive-targeting-conflict-minerals-rule-sources-idUSKBN15N06N>

⁵⁸ <https://www.sourcingnetwork.org/mining-the-disclosures-2018>

⁵⁹ <https://www.sourcingnetwork.org/blog/2017/12/6/when-theyre-not-worried-about-regulations-companies-arent-worried-about-conflict-minerals-disclosures>

⁶⁰ <https://www.sec.gov/files/formsd.pdf>

⁶¹ <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

⁶² https://docs.wixstatic.com/ugd/f0f801_f9f01edf6f7644778e729bb8f295ad56.pdf

⁶³ https://docs.wixstatic.com/ugd/f0f801_f9f01edf6f7644778e729bb8f295ad56.pdf

8.2 EU Mineral Supply Due Diligence Regulation

What is it and what is its purpose?

In May 2017, the EU signed the EU Mineral Supply Due Diligence Regulation (Regulation 2017/821) into law, to come into effect on January 1, 2021. The regulation requires that EU importers of 3TG meet international responsible sourcing standards, such as those set out by the *OECD Due Diligence Guidance for Responsible Supply Chains*, with the aim of stemming the flow of minerals that fund conflict. The European Commission will develop and maintain a list of [conflict-affected and high-risk areas](#), although individual companies are still responsible for conducting their own analysis and applying due diligence accordingly.⁶⁴

What companies are in scope of this regulation?

The EU Mineral Supply Due Diligence Regulation will affect organizations that import tin, tungsten, tantalum, or gold minerals and metals in volumes above a certain threshold into the EU, no matter where they originate. An estimated 600 to 1000 importers in the EU will be directly affected, and a further 500 smelters and refiners of 3TG inside and outside of the EU will be indirectly touched by the rules.⁶⁵

EU member states are responsible for enforcing the regulation and investigating non-compliance. The European Commission's guidance indicates that if a Member State finds an EU importer in non-compliance, it will need to order the importer to address the non-compliance within a given deadline (chosen by the Member State) and follow up to ensure compliance.⁶⁶

Application of OECD Guidance to EU Directive requirements

The EU directive goes further than Section 1502 of the Dodd-Frank Act by specifically requiring the use of *OECD Due Diligence Guidance for Responsible Supply Chains* for conducting due diligence; the requirements listed directly

mirror the five steps outlined in the *OECD Due Diligence Guidance for Responsible Supply Chains*:

"The due diligence framework requires responsible importers of the mineral and metal within the scope of the Regulation to establish a strong company management system; to identify and assess risks in the supply chain; to design and implement a strategy to respond to identified risks; to carry out independent third-party audits of supply chain due diligence at identified points in the supply chain; and to report on supply chain due diligence."

*In addition, responsible importers of those minerals and metals are required to make available on an annual basis, where applicable, the identity of all smelters and/or refiners supplying them, as well as to provide independent third-party audit assurances and pass them on to Member States' competent authorities and to downstream purchasers, with due regard to business confidentiality and other competitive concerns."*⁶⁷

Supply chain due diligence in the context of this regulation is also explicitly defined as an "ongoing, proactive and reactive process through which economic operators monitor and administer their purchases and sales with a view to ensuring that they do not contribute to conflict or the adverse impacts thereof."⁶⁸

This regulation establishes that the EU will consult with the OECD to publish an annual list of responsible smelters and refiners whose sourcing processes are compliant, based on data collected from disclosures.⁶⁹

Overall, the regulation has been positively received, although stakeholders have pointed out shortcomings. Global Witness, for example, has said it does not address minerals and metals imported into the EU in finished components and products, and that it sends a mixed message to smaller companies that seem to be exempt from due diligence according to the text.⁷⁰

⁶⁴ <http://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/>

⁶⁵ <http://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/>

⁶⁶ <http://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/>

⁶⁷ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52014PC0111>

⁶⁸ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32017R0821>

⁶⁹ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52014PC0111>

⁷⁰ <https://www.globalwitness.org/en/blog/why-eus-new-deal-responsible-mineral-sourcing-missed-opportunity/>

8.3 EU directive for disclosure of non-financial and diversity information

What is it and what is its purpose?

The EU Non-Financial Reporting Directive (Directive 2014/95/EU) provides rules for disclosing on non-financial topics like environmental and social aspects, anti-corruption, and diversity. Since 2018, certain companies are required to publish non-financial statements in their annual reports.⁷¹ The key performance indicators (KPIs) used to report on these topics are at the discretion of the reporting organization, although the EU published non-binding guidelines on non-financial reporting and KPIs in June 2017.⁷² These Guidelines on non-financial reporting include reporting KPIs for companies on conflict minerals:

- A. the proportion of direct relevant suppliers having adopted and implemented a conflict minerals due diligence policy consistent with the *OECD Due Diligence Guidance for Responsible Supply Chains*
- B. the proportion of responsibly sourced tin, tantalum, tungsten or gold originating in conflict-affected and high-risk areas
- C. the proportion of relevant customers contractually requiring conflict minerals due diligence information under the *OECD Due Diligence Guidance for Responsible Supply Chains*

The European Commission released a methodology for reporting non-financial information, based on its review of the *OECD Due Diligence Guidance for Responsible Supply Chains* and the five-step framework.⁷³

Which companies are in scope of this directive?

This directive applies to large public-interest companies with more than 500 employees operating in the EU. Approximately 6,000 companies in the EU need to report according to this directive, including listed companies, banks, and insurance companies.

Tools and resources: Further references

Several law firms have developed resources for understanding these regulations: e.g., [Dodd-Frank flowchart](#) and [EU Mineral Supply Due Diligence Regulation flowchart](#).

⁷¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0095>

⁷² [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017XC0705\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017XC0705(01))

⁷³ [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017XC0705\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017XC0705(01))



As Table I shows, there is significant alignment in reporting requirements across these frameworks. It is important to note that as sourcing/trading risks and adverse impacts become identified and communicated regarding other mineral supply chains, regulations or other government policy tools may begin to encompass minerals beyond 3TG.⁷⁴

Table I Description of relevant regulatory instruments on conflict minerals

	Dodd-Frank Act Section 1502	EU Minerals Supply Chain Due Diligence Regulation	EU Non-Financial Reporting Directive
Law / Regulation	Dodd-Frank Wall Street Reform and Consumer Protection Act Section 1502 (July 2010)	Regulation (EU) 2017/821 of the European Parliament and of the Council laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas (May 2017)	EU Directive: Guidelines on non-financial reporting (Guidance created for understanding type of information that can be reported, June 2017)
Affiliated documents	SEC Final Rule (August 2012) FAQ Conflict Minerals (May 2013 / April 2014) Partial Stay of the Conflict Minerals Rule (May 2014) SEC Statement on the Conflict Minerals Rule and Court Decision (April 2014)	Non-binding guidelines for the identification of conflict-affected and high-risk areas and other supply chain risks (August 2018) The European Commission will release an online platform where downstream companies can voluntarily share information on their due diligence for metals and minerals.	
Reporting date	Required reporting from May 31, 2014	January 1, 2021 Note: The European Commission encourages all companies the regulation covers to start carrying out due diligence before this date.	2018 Entered into force in 2014, with first filings due in 2018 covering the 2017 financial year.
Applicability	Mandatory for all companies, foreign and domestic, that file with the U.S. SEC (publicly traded companies) and manufacture or contract to manufacture any product for which 3TG are necessary for the functionality of the product.	Upstream companies must comply with mandatory due diligence rules Downstream companies fall into two categories: - those importing metal-stage products into the EU must comply with mandatory due diligence rules - those operating beyond the metal stage do not have obligations under the regulation; but they are expected to use reporting and other tools to make their due diligence transparent, including, for example, under the non-financial reporting directive	Mandatory for large public-interest companies (e.g., listed companies, banks, insurance companies) with more than 500 employees
Materials / metals	Ores and concentrates containing tin, tantalum or tungsten, and gold	Ores and concentrates containing tin, tantalum or tungsten, and gold	Ores and concentrates containing tin, tantalum or tungsten, and gold
Exceptions	Investment companies that are required to file reports under the Investment Company Act are not subject to the rule.	The Regulation does not apply to EU importers who import less than a certain amount and recycled metals or stocks created before 1 February 2013.	
Minerals' countries of origin addressed in the regulation	Countries that have an internationally recognized border with DRC and include Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia.	Conflict-affected and high-risk areas (global)	Conflict-affected and high-risk areas (global)

Due Diligence Requirement Summary	Requires companies to annually disclose whether any conflict minerals that are necessary to the functionality or production of a product originated in the Democratic Republic of the Congo or an adjoining country and, if so, to provide a report describing, among other matters, the measures taken to exercise due diligence on the source and chain of custody of those minerals.	Requires importers of minerals and metals to put in place management systems to support their due diligence, conduct supply chain due diligence, manage identified risks and provide specified information to their immediate customers, in line with the OECD Due Diligence Guidance for Responsible Supply Chains. Importers must, on an annual basis, publicly report as widely as possible on their supply chain due diligence policies and practices for responsible sourcing, including a summary of any third-party audit that is commissioned.	Companies are expected to disclose relevant information on due diligence to ensure responsible supply chains for tin, tantalum, tungsten and gold from conflict-affected and high-risk areas. Disclosures should be consistent with the OECD Due Diligence Guidance for Responsible Supply Chains, including its supplements. Companies are expected to disclose relevant information on the performance of their policies, practices and results on conflict minerals due diligence. They should also disclose the steps taken to implement the 'five-step framework' for risk-based due diligence in the mineral supply chain as set out in the OECD Due Diligence Guidance for Responsible Supply Chains, taking into account their position in the supply chain. Companies are then expected to disclose KPIs relating to the nature and number of risks identified, the measures taken to prevent and mitigate these risks; and to how the company has strengthened its due diligence efforts over time.
What needs to be reported: Description of mineral	Description of the products containing 3TG, the facilities used to process 3TG, the country of origin of the 3TG, and the efforts to determine the mine or location of origin.	<ul style="list-style-type: none"> • Description of the mineral, including its trade name and type; • Country of origin of the minerals; • Quantities and dates of extraction, if available, expressed in volume or weight; • Where minerals originate from conflict-affected and high-risk areas or, where other supply chain risks as listed in the OECD Due Diligence Guidance for Responsible Supply Chains have been ascertained by the Union importer, additional information is required. 	<ul style="list-style-type: none"> • Proportion of responsibly sourced tin, tantalum, tungsten or gold originating in conflict-affected and high-risk areas
What needs to be reported: Description of due diligence	A description of the measures the company has taken to exercise due diligence on the source and chain of custody conflict minerals, which must conform to a nationally or internationally recognized due diligence framework.	Supply chain due diligence policies and practices for responsible sourcing, the report must contain the steps taken for management systems, risk management, and summary reports of the third-party audits.	<ul style="list-style-type: none"> • Proportion of direct relevant suppliers having adopted and implemented a conflict minerals due diligence policy consistent with the OECD Due Diligence Guidance for Responsible Supply Chains • Proportion of relevant customers contractually requiring conflict minerals due diligence information under the OECD Due Diligence Guidance for Responsible Supply Chains
Enforcement	<p>In 2014, the SEC provided guidance that indicated that the Independent Private Sector Audit requirement is not necessary unless the company labels its products 'DRC Conflict Free' in its Conflict Minerals Report.</p> <p>As of 2015, companies are not required to use explicit determination labels (e.g., 'DRC Conflict Free') for the 3TG in their products.</p> <p>In 2017, the SEC's Division of Corporation Finance announced that it will not recommend that the SEC bring enforcement actions against companies that do not comply with the disclosure requirements.</p>	<p>Each EU Member State must check whether EU importers comply with the regulation.</p> <p>Member States' authorities will examine documents and audit reports. If needed, they can carry out on-the-spot inspections of an importer's premises.</p> <p>If a Member State finds an EU importer has not complied with the regulation, it will order the firm to address the problem within a given deadline and follow-up to make sure it does so.</p>	<p>Each EU Member State should ensure that adequate and effective means exist to guarantee disclosure of non-financial information by undertakings in compliance with the Directive.</p> <p>EU Member States should ensure that effective national procedures are in place to enforce compliance with the obligations outlined in this Directive, and that those procedures are available to all persons and legal entities having a legitimate interest, in accordance with national law, in ensuring that the provisions of the Directive are respected.</p>

9. How do we identify material topics related to mineral sourcing and report on this process?

Stakeholders benefit from clear and transparent reporting on how organizations address sustainability impacts related to mineral sourcing. Reporting can inform stakeholders about an organization's policies, processes, progress, and outcomes related to various topics.

GRI's Reporting Principles can help an organization identify the impacts that its activities have or which topics are of interest to stakeholders – and should be reported. Section I of this chapter describes how an organization can determine whether topics related to responsible mineral sourcing are material and should be reported, while Sections II and III present how information on this process can be communicated using the GRI Standards and the value of this exercise.

9.1 How do companies identify whether topics related to mineral sourcing are material and which minerals they should cover in reporting?

Companies should first understand how GRI defines materiality, and how the concept can be applied to identify which information related to mineral sourcing should be covered in reporting.

Understanding how material topics are defined

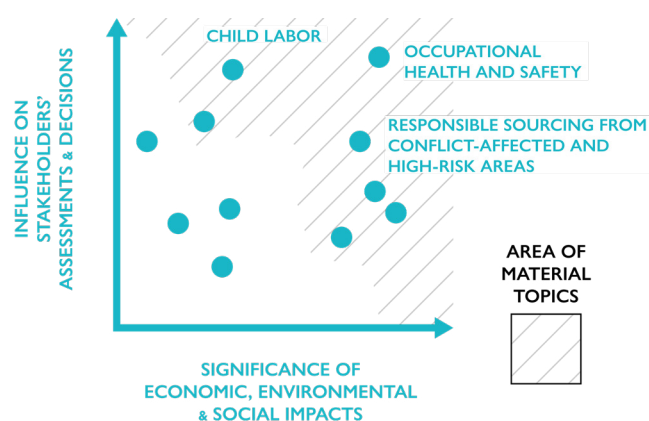
According to [GRI 101](#),⁷⁵ material topics (topics that define the contents that need to be reported) are those that:

- “Reflect the reporting organization's significant economic, environmental, and social impacts; or
- Substantively influence the assessments and decisions of stakeholders,”

In the GRI Standards, “impact’ refers to the effect an organization has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development.” Impact can be positive, negative, actual, potential, direct, indirect, short-term, long-term, intended, or unintended.

Figure 3 shows how these two dimensions mentioned in the Materiality principle can indicate if mineral sourcing should be considered a material topic. A topic is material if it substantively influences stakeholders' assessments and decisions OR if an organization has significant impacts related to the topic through its operations or value chain. Each organization determines the threshold at which a topic is material – this exercise can also help clarify the topic's relevance relative to other sustainability topics the organization is considering.

Figure 3 Materiality Matrix: A matrix with two dimensions of materiality can be used to illustrate whether topics related to mineral sourcing are material, by plotting these among other sustainability topics, according to influence on stakeholders' decisions and significance of impacts on the economy, environment, and society.



⁷⁵ [GRI 101: Foundation \(2016\)](#) 1.3 Materiality, pg. 10

GRI's Materiality principle reflects the interests of a wide range of stakeholders ("employees, shareholders, suppliers, vulnerable groups, local communities, and NGOs or other civil society organizations, among others"⁷⁶), and is wider than the definition of materiality used across various financial accounting standards, including, for example, the International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP), which focuses on stakeholders with financial interests as the primary target group.⁷⁷

For more information on Materiality and other Principles for defining report content in the GRI Standards see page 7ff in [GRI 101: Foundation \(2016\)](#).

Ways to identify whether topics related to mineral sourcing are material, and which minerals to cover

In determining which topics related to mineral sourcing are material, an organization should identify the impacts – both positive and negative – that stem from mineral sourcing and assess their significance (the *first dimension* for identifying material topics). In general, 'significant impacts' are those that are a subject of established concern for expert communities, or that have been identified using established tools, such as impact assessment methodologies or life cycle assessments.

Identifying whether mineral sourcing-related topics are considered by stakeholders to influence their decisions and assessments is part of the *second dimension* described in the Materiality principle.⁷⁸ Stakeholder interest in a topic may be a result of new regulations on the topic – in this case, the topic would be considered material and would need reporting.

"In the past few years, Microsoft has received fewer stakeholder requests related to 3TGs because our Conflict Minerals Report answers the majority of their questions. In the meantime, stakeholder interest in responsible sourcing has focused on a broader range of raw materials. We've responded to this interest through greater transparency about the raw materials critical to our operations in our Devices Sustainability Report. We will continue providing stakeholders increased transparency as we advance our programs in this area."

MICROSOFT

In many cases the topics that relate to an organization's significant impacts and those important to stakeholders may overlap, though not always. For instance, a topic can become material if stakeholders believe it is critical in the sustainability space, even if an organization has assessed that the impacts related to the topics are not significant. The GRI Standards require the inclusion of such a topic in reporting, giving the company an opportunity to explain to stakeholders the prioritization for inclusion of certain minerals based on factors including the amount of minerals used, leverage within the supply chain, and potential for negative impacts.

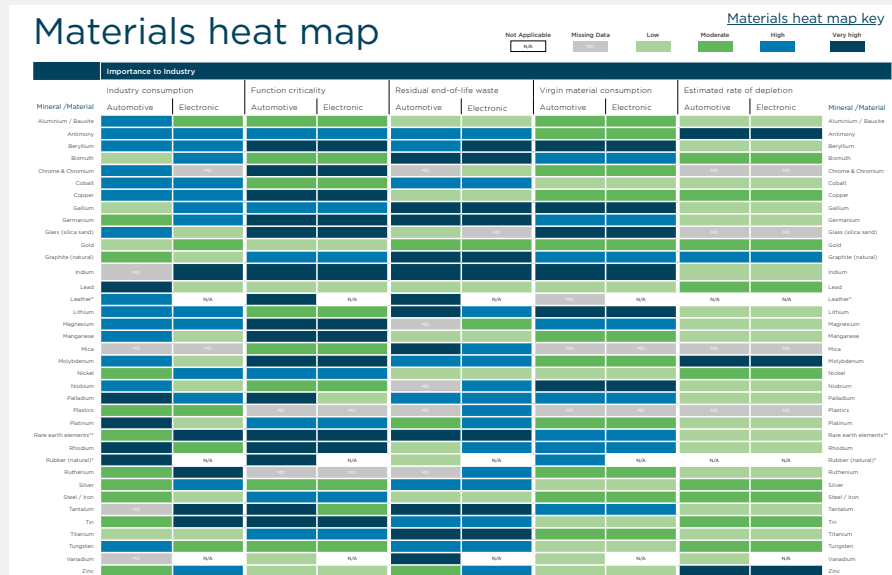
⁷⁶ [GRI 101: Foundation \(2016\)](#) 1.1 Stakeholder Inclusiveness, pg. 8

⁷⁷ "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity" See <https://www.ifrs.org/news-and-events/2018/10/iasb-clarifies-its-definition-of-material/>

⁷⁸ [GRI 101: Foundation \(2016\)](#) 1.3 Materiality, pg. 10

Box D Useful resource for understanding impacts of sourcing related to specific minerals/materials

The 2018 [Material Change Report](#), developed through a partnership between the RMI and Drive Sustainability, and produced by the Dragonfly Initiative, focuses on the electronics and automotive sectors, identifying the minerals most commonly used in those sectors and the related impacts. The 'Materials heat map' developed for the report (pp. 36-37) helps understand the types of impacts and the strength of the 'hotspots' that result from sourcing these minerals and can inform the assessment of the significance of impacts resulting from sourcing certain minerals. See here a snapshot of this heat map displaying impacts of sourcing a range of minerals and intensity of these impacts.



In practice, mineral sourcing is referred to or integrated in other sustainability topics in different ways. “Responsible sourcing and lifecycle impacts”,⁷⁹ “responsible sourcing of minerals”⁸⁰, and “conflict minerals in products”⁸¹ are examples of terms that reporting organizations currently use. These generalized titles can capture a wide range of minerals and related impacts, although the significance of impacts may differ from mineral to mineral. Further, some companies may identify impacts of mineral sourcing that relate to topics covering environmental issues, human rights issues such as child labor, or occupational health and safety.

In identifying material topics to report on, an organization may face practical questions depending on experience with the topic:

Gauging impacts:

- Where in the supply chain do impacts occur?
- Which sourced minerals should we assess in terms of their economic, environmental, and social impacts?
- What impacts result from mineral sourcing in our supply chain?
- What is our ability to have leverage over this issue?

* During the GRI-RMI Corporate Leadership Group (CLG) on reporting on responsible minerals sourcing, participants gave examples of how they identify impacts, including:

- Conducting media scans to identify risks or impacts: This has long been a staple of the compliance officer's toolkit, but can now be used as part of the CSR manager's toolkit, to monitor and address issues, like those classified as having adverse impacts on human rights.
- Leveraging resources: Assessing knowledge that comes from credible, accessible, and regularly updated knowledge platforms can add input as an organization defines report content

79 Microsoft 2017 Annual Sustainability Report, pg. 11, http://download.microsoft.com/download/0/0/6/00604579-134B-4D0E-97C3-D525DFB7890A/Microsoft_2017_CSR_Annual_Report.pdf

80 Hewlett Packard Enterprises 2017 Living Progress Report, pg. 73, <https://h20195.www2.hp.com/v2/Getdocument.aspx?docname=a00048490enw>

81 Micron 2018 Sustainability Report, pg. 8, https://www.micron.com/-/media/client/global/documents/general/about/sustainability_report_gri_combined.pdf?la=en

Stakeholder engagement in applying the Materiality principle

Stakeholder engagement is crucial to gather information while defining report content and ensures that the content of the report is appropriate and meaningful for the relevant stakeholders. An organization may think about the following questions to begin involving stakeholders and understanding their interests.

Gauging stakeholder interest:

- Who are the key stakeholders the company would like to address and how can we reach them and collect their concerns?
- Which stakeholders are influenced by the company's approach to mineral sourcing and how?
- How can the company consolidate the topics and priorities of different stakeholder groups?
- Does the company have the ability to address their concerns?
- How can the company respond to these stakeholders' concerns?

CLG participants gave examples of how they conduct stakeholder engagement, including:

- Reaching out internally: Hosting a forum or surveying employees can help your organization gather information on the sustainability topics that matter internally
- Communicating with civil society organizations (CSOs), academics, industry organizations:
Understanding what outside actors with an interest in sustainability issues have noted as important can help inform which topics may be considered material in your report

Mapping the organization's value chain is critical, to get clarity regarding the types of actors that play a role in the organization's impacts from the upstream to the downstream. For companies, the supply chain's complexity is often seen as a challenge. Proactive engagement with tier-1 suppliers, can be a starting point to gain valuable insights on the information actually available in the upstream compared to the information requested in the downstream. While perspectives of companies further upstream in the supply chain from tier-2 suppliers to mine sites are typically more difficult to capture, they will also provide valuable insights into risks, impacts, and mitigation strategies that can inform an organization's due diligence system and reporting.⁸²

Internal employees, CSOs, or peer and industry organizations should also be included in stakeholder engagement efforts. These interactions can provide valuable insight into which impacts of mineral sourcing are significant and how the topic can be managed. Box E and Box F show example stakeholder organizations, consultants and tools useful for the stakeholder engagement component of the Materiality principle.

⁸² <https://blog.assentcompliance.com/wp-content/uploads/2015/02/Assent-Smelter-FAQ.pdf>

Box E Examples of organizations whose work relates to mineral sourcing impacts and responsible mineral sourcing challenges

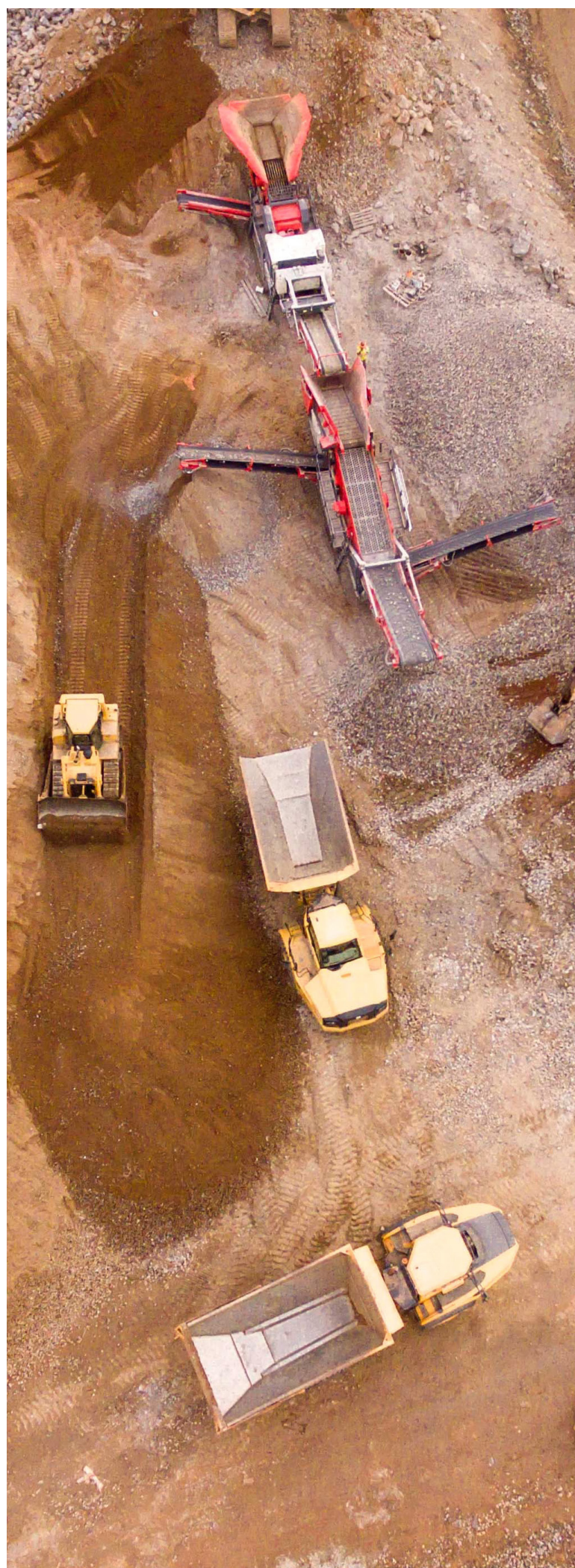
- [Alliance for Responsible Mining's Fairmined Standard](#)
- [Amnesty International](#)
- [BetterChain](#)
- [Bilateral German Congolese Cooperation Project \(BGR\)](#)
- [Development International](#)
- [Enough Project](#)
- [Eastern Congo Initiative](#)
- [Global Witness](#)
- [International Conference on the Great Lakes Region](#)
- [IMPACT](#)
- [IPIS Research](#)
- [Kumi Consulting](#)
- [Levin Sources](#)
- [PACT](#)
- [Public Private Alliance for Responsible Minerals Trade \(PPA\)](#)
- [RCS Global Group](#)
- [Responsible Minerals Initiative \(RMI\)](#)
- [Responsible Sourcing Network \(RSN\)](#)
- [Responsible Trade LLC](#)
- [Solutions for Hope](#)
- [The Dragonfly Initiative](#)

Box F Examples of tools that assist with materiality assessments.

- [EU Raw Materials Information System](#)
- [Initiative for Responsible Mining Assurance's Responsible Mining Map](#)
- [Fairphone Material Profiles Report](#)
- [OECD Material Risk Portal](#)
- [RMI – DRIVE Material Change Report](#)
- [RMI's Risk Readiness Assessment](#)

This guidance and these resources can help organizations draw out a plan for defining report content. This plan may vary depending on an organization's place in the value chain, the identified stakeholders, and the importance of this material topic relative to others. The process for defining report content is intended to evolve over time and should be updated periodically.⁸³

⁸³ Guidance for reporting on this process is described in Section 1.8 Comparability in [GRI 101: Foundation \(2016\)](#) (pg. 14) and can be described using GRI Disclosure 102-49.



10. How can companies report on how they identified material topics related to mineral sourcing?

“From a stakeholder perspective, identifying mineral sourcing as a material issue indicates a company is committed to work on this topic and thus it is valuable for stakeholders to learn about it and engage companies on it.”

RESPONSIBLE SOURCING NETWORK

The GRI Standards offer standardized disclosures to report how material topics were identified. Relevant reporting disclosures from the GRI Standards on how to identify material topics are listed in Table 2.

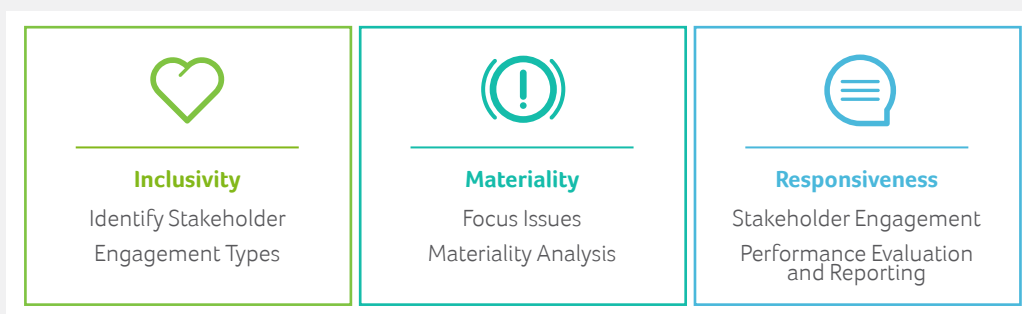
The pages following table 2 contain examples that illustrate the points mentioned in table 2. Inclusion of examples from reporting organizations does not imply endorsement – these examples are included as a means of illustrating current reporting practice and as a source of inspiration.

Table 2 Guide to GRI disclosures that can be helpful for reporting on stakeholder engagement and how material topics have been identified

Disclosure/Standard	Selected contents
Reporting on stakeholder engagement	
Disclosure 102-40 List of stakeholder groups	A list of stakeholder groups engaged by the organization.
Disclosure GRI 102-42 Identifying and selecting stakeholders	The basis for identifying and selecting stakeholders with whom to engage.
Disclosure GRI 102-43 Approach to stakeholder engagement	The organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.
Disclosure GRI 102-44 Key topics and concerns raised	Key topics and concerns that have been raised through stakeholder engagement, including: <ul style="list-style-type: none"> • how the organization has responded to those key topics and concerns, including through its reporting; • the stakeholder groups that raised each of the key topics and concerns.
Reporting in accordance with the Materiality principle, identified topics and impacts	
Disclosure 102-46 Defining report content and topic Boundaries	<ul style="list-style-type: none"> • An explanation of the process for defining the report content and the topic Boundaries. • An explanation of how the organization has implemented the Reporting Principles for defining report content.
Disclosure 102-47 List of material topics	A list of the material topics identified in the process for defining report content
GRI 103: Management Approach (2016)	Explanation of the material topic and its Boundary

Example of reporting on the approach to capturing information in the process of defining report content (from Acer, 2018)

In its [sustainability report \(2018\)](#) the electronics company Acer identifies 'conflict minerals' as a material topic in its report developed in accordance with GRI Standards. The organization describes the steps taken to identify material topics and provides an overview of its procedure for managing issues of stakeholder concern. Contents from this excerpt could be included when reporting on the following GRI disclosures: Disclosure 102-42 Identifying and selecting stakeholders and Disclosure 102-43 Approach to stakeholder engagement.



Some of the stakeholders Acer identified included internal employees, advocacy organizations, customers, suppliers, industry organizations, and academic groups. Workshops, surveys, and partnerships and multi-stakeholder initiatives were the main methods of engagement. In its reporting on its process for defining report content, Acer includes a description of the different stakeholders the organization consulted and the communication methods taken. For each type of stakeholder group, Acer describes the importance of this group to Acer, lists the issues of concern of this stakeholder group, the main communication channels used to interact with this group, the results of this communication in the reporting year and where in the sustainability report information on this groups' issues of concern can be found.⁸⁴ Regarding the minerals sourcing space, Acer reports that the company works with the RMI and participates in the RMI's Cobalt Working Group and Tin Working Group. Contents from the below excerpts reflect reporting on the following GRI disclosures: Disclosure 102-46 Defining report content and topic Boundaries and Disclosure 102-47 List of material topics.

Other Standard Disclosures				
Disclosure		Chapter	Page No. / Description	External Assurance
Information Security Governance				
Acer-EC1	Information Security Governance	Legal Compliance	51	Assured by KPMG
Customer Service				
Acer-EC2	Multiple service channels	Customer Service	68	Assured by KPMG
Acer-EC3	Enhancing service quality	Customer Service	69-70	
Innovative Research & Development and Product Services				
Acer-EC4	Innovative technology and application	UN Sustainable Development Goals Innovation and Research	58 65-67	Assured by KPMG
Acer-EC5	Open source and collaborative innovation	Innovation and Research	67	Assured by KPMG
Acer-EC6	Acquisition and protection of intellectual property rights	Innovation and Research	65	Assured by KPMG
Product Responsibility and Customer Safety				
Acer-EN1	Halogen-free products launched	Circular Economies and Product Life Cycle	74	Assured by KPMG
Corporate citizenship and philanthropy				
Acer-SO1	Activities of corporate citizenship and philanthropy	Employing Skills to Impact Society	101-109	Assured by KPMG
Acer-SO2	Digital Inclusion activity	Employing Skills to Impact Society	106	Assured by KPMG
Talent Attraction				
Acer-SO4	Investment in and development of talent pool	Employee Care and Development	92-96	Assured by KPMG
Conflict Minerals				
Acer-SO5	Publish of Smelter List and annual Conflict Minerals Report	Sustainable Supply Chains	41-43	Assured by KPMG

84 Acer Sustainability Report, 2018, pp. 19-21: https://static.acer.com/up/Resource/AcerGroup/Sustainability/Reports_Certificates/20180815/2017-corporate-responsibility-report.pdf

Identification of Material Topics and Boundaries

Acer uses the Global Reporting Initiative (GRI) Standard as the framework for establishing a process for identifying material sustainable development topics and providing the information upon which CSR report disclosures are based, ensuring stakeholders receive the information they need.

Material Topics

27 Sustainability Topics

Inventory of Sustainability Issues

Enumerating sustainable development topics relating to Acer and the ICT industry, drawn from material topics from GRI Standard, UN Sustainable Development Goals (SDGs), the Dow Jones Sustainability Indices (DJSI), survey items, the Sustainability Accounting Standards Board (SASB), and the Global e-Sustainability Initiative (GeSI).



Compacting Sustainability Topics

Topics listed above with similar content are combined into one; a total of 27 topics result, categorized under four headings: governance, economy, society, and environment.



Investigation and Verification of

495 Surveys

Material Topics Investigation

Through open online and company internal surveys, we collected 27 topics of concern to our stakeholders. A total of 495 valid surveys were returned, an increase of 18% on the previous year in terms of total number returned, indicating that our stakeholders are taking a greater interest in Acer's operations and want to provide feedback.



Ordering of Material Topics

Analyzing the returned surveys using the opinions of internal stakeholders (where employees includes senior management) on the issues as baselines for assessing the level of importance to external stakeholders (a total of nine categories of stakeholder) for each issue. A matrix of material issues is drawn up and submitted to the corporate sustainability officer, with the ordering results verified by audit in line with trends in sustainable development, the industrial environment, and the company's status.



Identification of Material Topics and Boundaries

By pairing material issues with GRI Standard Aspects, we identify material topics for disclosure and their boundaries.



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Identification of Material Topics and Boundaries

By pairing material issues with GRI Standard Aspects, we identify material topics for disclosure and their boundaries.



Example of reporting on the approach for defining report content (from Teck, 2017)

Mining company Teck describes its extensive process for assessing which topics are material in its [2017 Sustainability Report](#). On a three-year cycle, there is identification, prioritization, and validation of topics. The inclusion of internal and external opinion over the course of the three-year process for defining report content is clear from Teck's description. The company carried out interviews with internal and external stakeholders, and looked at industry reports, survey results, and workshops. The topics considered most material to the company were determined in interviews with stakeholders.⁸⁵ Contents from this excerpt could be included when reporting on the following GRI disclosures: Disclosure 102-42 Identifying and selecting stakeholders, Disclosure 102-43 Approach to stakeholder engagement and Disclosure 102-46 Defining report content and topic Boundaries.

Material Topics

In our report, a material topic is one that reflects our company's significant economic, environmental and social impacts, or that could substantively influence the assessments and decisions of our stakeholders, per guidance from the Global Reporting Initiative. For each of our 11 material topics, we provide information as to why the topic was material in 2017, Teck's approach to managing risks and opportunities associated with that topic, our performance, and our outlook for 2018.

2017 Materiality Assessment

The content of our annual sustainability reporting is determined through a detailed materiality assessment, which is a process for identifying and evaluating the topics that mattered most to our business and our communities of interest during the previous year and for the near-term future.

Our annual process for determining material topics follows a three-year cycle and involves three steps: identification, prioritization and validation. The first year involves intensive consultation and research to identify a full list of topics, which are analyzed by internal experts and external stakeholders and validated by our senior management team. Topics in the mining industry are typically consistent year over year, given the long-term nature of operations. As such, the second and third years build on the results from the first year, and the assessment is updated to reflect emerging issues.

Figure 6: Materiality Assessment Process



In 2017, we conducted a comprehensive materiality assessment and began a new three-year cycle. During the identification phase, we conducted research on trends in our industry and evaluated internal strategy documents, including the five-year plans for each of our business units. We also mapped our impacts and the boundary of our material topics across the value chain with a cross-functional group of 16 internal experts. In this phase, we identified 26 potentially material topics.

During the prioritization phase, we conducted one-on-one interviews with 20 internal and external stakeholders and used more than 20 inputs such as industry reports, survey results and internal workshops to determine the most significant risks and opportunities facing our business and our communities of interest in the past year. During interviews with internal and external stakeholders, a range of topics were identified as most significant in terms of risks and opportunities in 2017. For internal stakeholders, the most significant topics were water management, relationships with communities, and business ethics. For external stakeholders, the topics that were considered most significant were energy and greenhouse gas emissions, biodiversity, and dialogue with communities. In this phase, 15 topics were identified as potentially meeting our threshold for reporting.

We recognize that many of our material topics are interrelated; for example, a topic such as Relationships with Indigenous Peoples is connected to several topics, such as Biodiversity and Reclamation, Water Stewardship and Human Rights.

85 Teck 2017 Sustainability Report, <http://www.teck.com/media/Teck-2017-Sustainability-Report.pdf>

Example of reporting on the approach to stakeholder engagement (from Wolfram Bergbau und Hütten AG)

Being an upstream entity, the company identifies a number of stakeholder groups along the mineral supply chain in its [2017 Due Diligence Report](#), and describes its approach to engaging with each group in the context of complying with regulation and also providing positive impacts on the ground.⁸⁶ Contents from this excerpt could be included when reporting on the following GRI disclosures: Disclosure 102-42 Identifying and selecting stakeholders and Disclosure 102-43 Approach to stakeholder engagement.

Involvement of Affected Stakeholders

Aim of the Conflict Mineral regulations is to protect the most vulnerable groups at or near the upstream end of the mineral supply chains: local miners, their families, and the population of the mining countries at large; from violence, human rights violation and child labour. With its purchasing policy, WBH tries to provide a positive impact:

- no boycott of minerals from CAHRAs per se as this would deprive the communities from income and the chance of development. Instead, the company allows for active sourcing when the supply chain fulfils ethical standards and does not support conflict.
- For approved supply chains, providing incentives to continuously improve the conditions on the mine site and to give a helping hand with respect to technical development.

This approach can only work with the help of all actors along the supply chain:

- Mine operators (companies or cooperatives) need to be loyal and not look for the “last penny” at each individual sale of concentrates. A reliable longer-term offtake relation is required to make collaboration and technical help worthwhile.
- The same applies to intermediates and especially the exporting traders. In addition, they need to be open (e.g., provide adequate information and ITSCI sheets), play to the rules of WBH and the traceability providers, even if they consider them excessive, and demonstrate diligence and precision when it comes to the tagging systems.
- The traceability providers (ITSCI, BSP, others, if they become available) have to do their best to maintain credibility. With own site visits and plausibility assessments, WBH has established a back-up system, but especially for smaller suppliers, reliable traceability by tagging is currently the only system that is acceptable for 3rd party audits of the smelters. Shortcomings in the programmes are noted and brought to the attention of the providers.
- RMI’s RMAP as the currently only active “Conflict Free Smelter Program” needs to maintain its high standards and credibility without losing the balance between feasibility, practicalities and expectations of the downstream. WBH feels that a stronger focus on timely re-audits and duration of the “active smelter” status is required, respectively some public disclosure to explain delays and changes to supply patterns for audited smelters.
- Direct customers have been supportive when WBH discussed resumption of sourcing from Central Africa in 2014. It is important that the entire downstream supply chain accepts Central African supplies if cleared by the traceability providers and RMI, which in turn, as described above, requires strong focus on credibility of these organisations.

⁸⁶ http://www.responsiblemineralsinitiative.org/media/docs/WBH_2017.pdf

11. Reporting on Due Diligence

The *OECD Due Diligence Guidance for Responsible Business Conduct* outlines the due diligence process and supporting measures including embedding responsible business conduct into policy and management systems, identifying and assessing adverse impacts, ceasing, preventing, or mitigating adverse impacts, track and communicating how impacts are addressed,⁸⁷ and remediating when appropriate. The [OECD Due Diligence Guidance for Responsible Supply Chains](#) guides organizations on proactive and progressive due diligence and reporting within mineral supply chains, specifically. This is one of the sector specific guidance documents that complement the OECD Guidance, such as for garment supply chains or the financial sector.⁸⁸

Stakeholders value understanding information on progress and limitations, acknowledging that due diligence is never ‘complete’, but rather a continual process based on factual circumstances in the supply chain, which may change over time. A company’s approach to due diligence and disclosure is driven by factors including customer requirements for the accuracy and completeness of due diligence disclosures and information. Transparency and reporting on progress and limitations can demonstrate a commitment to improvement over time and build trust.

“When it comes to active measures to reduce the risk, which can be sensitive or confidential, it is about finding a balance between the need to understand if upstream entities are actively committed to managing risk and understanding if those measures do in fact reduce the risk.”

ATEA SVERIGE

In this chapter, the focus lies on due diligence processes related to social impacts. Section I provides an overview of the *OECD Due Diligence Guidance for Responsible Supply Chains* and offers a list of tools that help create due diligence systems. Section II explores information-sharing challenges that reporting companies may want to pay attention to. Section III focuses on GRI’s management approach and how it can be used together with the *OECD Due Diligence Guidance for Responsible Supply Chains* Step 5 reporting expectations. Section IV offers collected suggestions of more specific contents that can be reported in alignment with the OECD Due Diligence Guidance on due diligence. Finally, section IV presents some reporting examples on due diligence.

11.1 OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

The 2010 *OECD Due Diligence Guidance for Responsible Supply Chains* is the first example of an internationally backed, formal initiative to encourage responsible supply chain management of minerals from conflict-affected and high-risk areas.⁸⁹ It seeks to cultivate transparent supply chains and sustainable corporate engagement in the mineral sector, enable high-risk countries to profit from their natural resources in a responsible manner, and prevent resource extraction and trade from contributing to conflict, human rights abuses, and security issues.⁹⁰ It applies to all minerals and is global in geographic scope, although it focuses on CAHRAs.

⁸⁷ For more guidance on communicating how impacts are addressed, see also pg. 33 <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

⁸⁸ For a full list of sector guidance, see <http://mneguidelines.oecd.org/duediligence/>

⁸⁹ <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

⁹⁰ <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

The *OECD Due Diligence Guidance for Responsible Supply Chains*:

- Is based on a continuous proactive and reactive approach.
- Expects the operating company to take responsibility in respecting human rights and avoiding contribution to conflict and puts emphasis on taking actions proportional to the risk of conflict minerals being present in the supply chain.
- Encourages audits, assessments and constructive engagement to make responsible trade possible, rather than disengaging with suppliers operating in CAHRAs.
- Understands that complete adherence cannot always be achieved right away.
- Advises continuous 'reasonable and good faith efforts' that promote engagement in the troubled area.⁹¹
- Asks companies to publicly report on supply chain due diligence practices.

The Guidance takes a global view of mineral sourcing and is applicable across all minerals and metals, with specific supplements for tin, tungsten, tantalum, and gold. It applies throughout the mining value chain, engaging upstream and downstream actors in establishing traceability, collaborating, and sharing information on their efforts.

The Guidance consists of five steps that help upstream and downstream companies establish, implement, and report on due diligence systems for their supply chains.⁹²

Step 1: Establish strong company management systems

Organizations should establish strong management systems supported by a supply chain policy for minerals from CAHRAs, an internal management system to implement this policy, and a system of controls and transparency over the supply chain. Engagement with suppliers and a grievance mechanism are also included as part of the company management system.

Step 2: Identify and assess risk in the supply chain

Organizations should identify risks in their supply chains by assessing the potential for adverse impacts mentioned in the OECD's [Annex II](#) risks, particularly in view of the organization's own supply chain policies and management systems. Risk assessments are triggered by red flags such as: minerals originating from or transported through CAHRAs, from areas where there are limited reserves or expected production levels of minerals are in question, or from an area in which minerals from CAHRAs are known to transit (referenced in the *OECD Due Diligence Guidance for Responsible Supply Chains* as "red flag location of mineral origin or transit"). Additionally, supplier red flags can trigger risk assessment – these red flags include suppliers or upstream entities that supply minerals from a red flag location of mineral origin or transit or have done so in the past year.⁹³

Cooperation and data sharing with other industry actors are considered critical. Efforts at identifying and mitigating risks often involve multiple tiers of the supply chain and can be stunted by information limitations. Thus, it is important to identify supply chain actors, request information, and engage with them through information review.

Step 3: Design and implement a strategy to respond to identified risks

Companies should devise a strategy to respond to any identified risks, through a risk mitigation plan that addresses risks identified in Step 2. Risk management can be done through continued trade in conjunction with risk mitigation, the temporary suspension of trade while risk mitigation happens, or the disengagement with a supplier if mitigation does not appear feasible.⁹⁴ It is important for companies to first attempt to mitigate identified risk rather than disengage unless they deem risk mitigation not feasible or unacceptable. The guidance encourages cooperation with other industry actors and NGOs to help suppliers build their due diligence capabilities.

⁹¹ <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

⁹² <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

⁹³ These are red flag triggers listed in the Supplement on Tin, Tantalum, and Tungsten. In the Supplement on Gold, there are additional red flag triggers relating to heightened red flag potential if gold is claimed to originate from recycled/scrap or mixed sources from a red flag location of mineral origin or transit. Risk potential is heightened if gold is sourced from areas where money laundering laws, anti-corruption laws, and similar laws are weakly enforced or there is an informal banking system and cash is widely used. Additionally, "anomalies or unusual circumstances...which give rise to a reasonable suspicion" can trigger a red flag. <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

⁹⁴ These strategies, and the circumstances in which each of them should be employed, are defined in the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, Annex I and II.

Step 4: Carry out independent third-party audit of smelter due diligence practices

An independent third party should carry out an audit of the smelter or refiner (SORs) due diligence. These audits may be managed by an independent institutionalized mechanism.

Step 5: Report annually on supply chain due diligence

Companies should publicly report on their due diligence practices every year and may do so as part of their corporate responsibility reporting. For upstream companies this means describing company management systems, publishing a risk assessment, and the steps taken to manage risks. It is also recommended that upstream companies describe the steps that they have taken to manage risk, as well as steps taken for capability-training and stakeholder engagement. For SORs, the OECD recommends published audit reports.

Reporting for downstream companies involves reporting on company management systems, risk assessment, and management of risks. Additionally, if a downstream company has undergone an audit such as an IPSA, it may publish the summary of the report or a summary of the audit conclusions.

Box G List of free, publicly available tools that help in creating due diligence systems related to the topic of responsible minerals sourcing and getting involved in in-region initiatives

- [Conflict-Affected and High-Risk Areas \(CAHRAs\) Resource Page](#)
- [RMI Five Practical Steps for Conflict Minerals Due Diligence and SEC Disclosure \(2017\)](#)
- [RMI Responsible Minerals Assurance Process \(RMAP\)](#)
- [RMI Public Due Diligence Report Writing Guidance \(2018\)](#)
- [RMI Smelter Identification Questionnaire \(SIQ\)](#)
- [Supply Chain Mapping Tool](#)
- [OECD Due Diligence Guidance Information Page](#)
- [UN Guiding Principles on Business and Human Rights \(2011\)](#)
- [World Gold Council: Conflict-Free Gold Standard \(2012\)](#)



11.2 Information-sharing challenges in the value chain

The complexity of the mineral value chain leads to limitations in information sharing between value chain actors. Actors along the value chain have noted confusion about what information needs to be collected and reported, what information is reasonable to request/report, and what information should be disclosed publicly. A commonly used tool to gather information across the supply chain is the RMI Conflict Minerals Reporting Template (CMRT) for 3TG and the Cobalt Reporting Template (CRT) for cobalt.

Addressing data exchange challenges

Downstream companies and mid-tier suppliers experience challenges in gathering and validating information from the large amounts of suppliers in their supply chains.

Challenges with data collection:

- Participants in the GRI-the RMI Corporate Leadership Group highlighted the added workload that product-level CMRTs generate.
- There is a lack of understanding or awareness on key issues (for example, whether smelters source from the ‘covered countries’, or a common understanding of what constitutes a conflict-affected or high-risk area)
- Language barriers, including spelling and punctuation, might yield invalid data.
- Government reports and statistics may be outdated, incomplete, or unreliable.
- Fluidity of the supply chain leads to variance in data collection, depending on the point of collection in the supply chain and time of collection
- Confidentiality concerns have been raised by suppliers to share supply chain data – in particular, where supply chains are less complex

Opportunities to improve data collection:

- Establish common definitions: Use common definitions to make communication easier between entities in the value chain. One example is the CID or Company ID system developed by the RMI to assign a commonly accepted unique identifier to each entity.

- This could potentially be applied to other actors in the supply chain
- Use company-wide CMRTs rather than product-level CMRTs: Reduce workload and strain related to product-level CMRTs
- Training and awareness: Provide training and awareness raising to supply chain actors on how to complete the CMRT and gather relevant information

Box H Tools for supply chain data exchange

- [CMRT Drafting Guide](#) (May 2017)
- [Conflict Minerals Reporting Template](#) (CMRT) and [Cobalt Reporting Template](#) (CRT): These standardized reporting templates facilitate the transfer of information on mineral country of origin and smelters and refiners (helps identify which smelters and refiners should undergo an audit – see Step 4).
- IPC 1755 Conflict Minerals Data Exchange Standard
- [RMI Minerals Due Diligence Training for Suppliers](#)
- [Smelter Information Questionnaire \(SIQ\)](#): A survey to identify smelters and refiners in global supply chains.
- [Standard Smelter List and Revision History](#)

Confidentiality considerations

Smelters and refiners are often described as the ‘pinch point’ in the supply chain due to the relatively few numbers of actors (as shown in Figure 4). Information held by smelters and refiners can be considered business confidential – this relates to any information that could, for example, reveal specific suppliers or mines.

Box I Business confidentiality as defined by the OECD in the OECD Due Diligence Guidance for Responsible Supply Chains Supplement on Gold⁹⁵

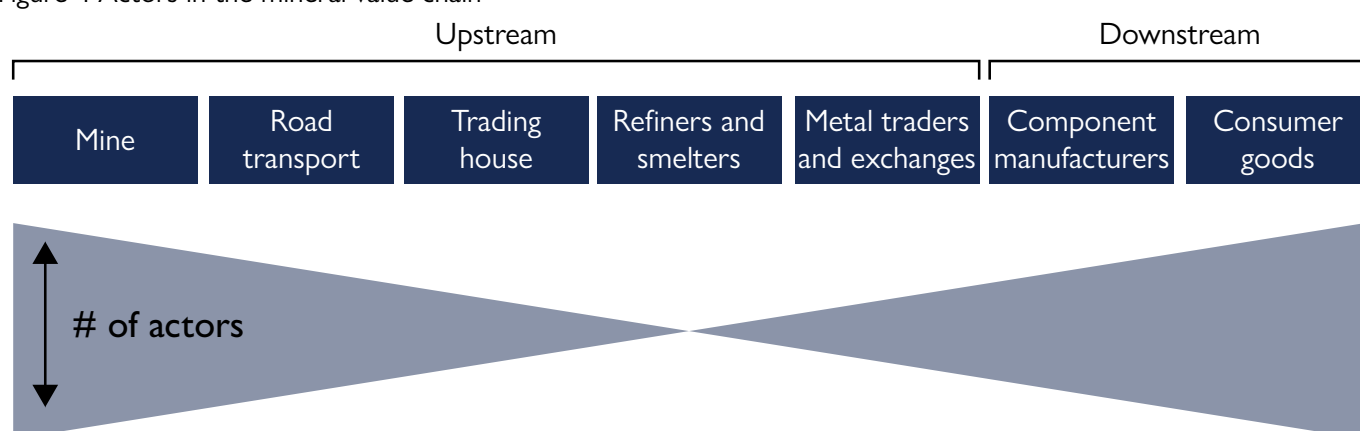
“Business confidentiality and other competitive or security concerns means, without prejudice to subsequent evolving interpretation: price information; supplier identities and relationships (however the identity of the refiner and the local exporter located in red flag locations should always be disclosed except in cases of disengagement); transportation routes; and the identity of information sources and whistle-blowers located in conflict-affected and high-risk areas, where revealing the identity of such sources would threaten their safety. All information will be disclosed to any institutionalised mechanism, regional or global, once in place with the mandate to collect and process information on minerals from conflict-affected and high-risk areas.”

Supplement on Gold Tungsten

⁹⁵ This definition is taken from the [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Supplement on Gold](#). This differs slightly from the business confidentiality requirements highlighted in the [Supplement on Tin, Tantalum and Tungsten](#).

Downstream organizations may not have visibility into the entire process that occurs upstream due to the number of supply chain actors from the point of extraction and complex flow of minerals in the supply chain (see Figure 4) and the confidentiality considerations mentioned above. To help protect confidentiality and bring efficiency and scalability to upstream due diligence in CAHRAs, companies may utilize upstream assurance mechanisms, spot checks for mines not covered by upstream assurance systems, self-assessments, industry reporting mechanisms, and audits. This information, may not always be public due to non-disclosure agreements.

Figure 4 Actors in the mineral value chain



Addressing confidentiality challenges

Navigating the landscape of confidential and business sensitive information and balancing it with growing desire for transparency, data collection, verification, exchange and reporting is challenging. Here are some tools and ways of working that help address these challenges:

- Sharing information with independent third-party auditors for verification purposes under non-disclosure agreements
- Sharing information with industry initiatives under non-disclosure agreements
- Information shared with industry initiatives can be aggregated and anonymized before being shared more widely (either publicly or to selected stakeholders), pursuant to terms of signed non-disclosure agreements. This allows for reporting of trends without divulging confidential or business sensitive information
- Clear communication, scoping, limitations and expectation-setting can be established via Terms and Conditions when any type of data is collected
- Data voluntarily shared by individual companies should be pursuant to OECD Step 5 reporting or mandatory reporting under minerals regulations (e.g., Dodd-Frank Act or EU Minerals Due Diligence Regulation)

Challenges related to leverage over impacts resulting from sourcing in supply chain

Downstream companies may feel that distance from the point of extraction, the number of supply chain actors, complexity in the flow of minerals, and the low volume of minerals used/sourced limits the influence they have using a supply chain due diligence approach. The *OECD Due Diligence Guidance for Responsible Business Conduct* addresses this point by recommending that companies increase leverage by “introducing responsible business conduct and due diligence expectations into commercial contracts, establishing commercial incentives linked to responsible business conduct criteria, and establishing longer-term relationships with... suppliers or business relationships.”⁹⁶ The Guidance also suggests that the challenges of conducting due diligence can be eased through:

- Industry-wide cooperation in building capacity to conduct due diligence
- Cost-sharing within industry for specific due diligence tasks
- Participation in initiatives on responsible supply chain management
- Coordination between industry members who share suppliers
- Cooperation between upstream and downstream companies
- Building partnerships with international and civil society organizations

More recommendations on developing common expectations in collaboration with suppliers that can be reported on can be found in the [OECD Due Diligence Guidance for Responsible Business Conduct](http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf).

11.3 How can an organization report on due diligence using the GRI Standards?

Companies can use the GRI Standards to describe their due diligence process and results. For topics identified as material, organizations are required to report their management approach for the topic. If an organization has identified topics related to ‘mineral sourcing’ or ‘conflict mineral sourcing’ as material, it is required to report its management approach for this topic.

A management approach disclosure is a “narrative description about how an organization manages its material topics and their related impacts.” The [Standard GRI 103: Management Approach \(2016\)](#) can be used to report how the organization manages the topic, the purpose of the management approach or a description of policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programs and initiative.

The connection between due diligence and GRI’s disclosures on the management approach can be seen in the Specialized Disclosure (Form SD) forms that companies file in response to the Dodd-Frank Act (read more about the Dodd-Frank Act [here](#)). The information in Form SD typically mirror the steps described in the *OECD Due Diligence Guidance for Responsible Supply Chains*, which is the recommended framework to use for risk assessment and due diligence. For companies subject to reporting according to the Dodd-Frank Act, the mandated reporting requirements can be integrated in reporting using the GRI Standards disclosures.

⁹⁶ Pg. 79, <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

Example of linkage between Dodd-Frank Specialized Disclosure forms and GRI Standards

Box J contains an excerpt from the [2018 Specialized Disclosure form from The Boeing Company](#), annotated with GRI Standards references. The information reported in the example could be added to the information reported for these GRI Standards. Understanding how this information can be cross-referenced is useful for building and including a comprehensive GRI index that gives stakeholders a quick one-stop overview where information can be found across multiple documents and webpages.⁹⁷

In this way, an organization reporting in accordance with GRI's framework can integrate responsible mineral sourcing topics into its current disclosures. At the same time, organizations new to minerals due diligence disclosure or those planning an initial disclosure have various options to consider for framing and organizing the issue.

Box J Excerpt from Boeing Specialized Disclosure form (2018) (GRI Standards annotations added by GRI)

OECD Step 1. Establish Strong Company Management Systems

Conflict Minerals Policy

We are committed to promoting economic development in Africa through responsible commercial engagement. As part of this commitment, Boeing has adopted a conflict minerals policy related to our sourcing of 3TG, which is available on www.boeingsuppliers.com. *[GRI 103: Management Approach (2016): e.g. reporting on policies related to the topic]*

Internal Team

Boeing has established a management system to support supply chain due diligence related to 3TG. Our management system includes a team of subject matter experts from functions such as supplier management, engineering, finance, law, global engagement, and our Boeing International organization. The team of subject matter experts is responsible for implementing our conflict minerals compliance strategy. *[GRI 103: Management Approach (2016): e.g. reporting on responsibilities related to the topic]*

Control Systems

Together with other major manufacturers in aerospace and other sectors, we were members for the year covered by this report of the following initiatives that are working to develop conflict-free supply chains: the OECD Multi-Stakeholder Group, Responsible Minerals Initiative (formerly the Conflict-Free Sourcing Initiative), the International Tin Association (formerly known as the International Tin Research Institute) Tin Supply Chain Initiative, the Public Private Alliance for Responsible Minerals Trade and the Aerospace Industries Association Conflict Minerals Working Group.

We have established and maintain a records retention policy with respect to relevant documentation.

[GRI 103: Management Approach (2016): e.g. reporting on specific actions such as processes, projects, programs and initiatives related to the topic]

Supplier Engagement

Our supply chain team, which includes representatives from a number of management functions within Boeing as well as representatives of certain of our suppliers, meets on at least an annual basis to discuss best practices among our suppliers. We also maintain an electronic portal that provides detailed instructions to suppliers and resources related to conflict minerals, including the Template, our conflict minerals policy, as well as FAQs from the Aerospace Industries Association and the U.S. Securities and Exchange Commission. *[GRI 103: Management Approach (2016): e.g. reporting on specific actions such as processes, projects, programs and initiatives related to the topic]*

Grievance Mechanism

We have processes to receive and act on concerns - written or oral - expressed by employees and others about possible improper or unethical business practices or violations of company policies

⁹⁷ [GRI 102: General Disclosures \(2016\)](#), pg. 38

11.4 What type of information should be disclosed on management and due diligence?

The *OECD Due Diligence Guidance for Responsible Supply Chains* explicitly encourages companies to publicly report on their due diligence practices every year. As seen in section III, the *OECD Due Diligence Guidance for Responsible Supply Chains* recommends that downstream companies report on their company management systems, risk assessment systems, and steps taken to manage risks. For upstream companies, the recommendations are similar but include an additional recommendation of publishing summary audit reports.

The five steps described by the *OECD Due Diligence Guidance for Responsible Supply Chains* have been adopted by other due diligence frameworks and regulatory instruments. For example, reporting on these steps can be seen explicitly in Specialized Disclosure Forms published by companies to meet the expectations of the Dodd-Frank Act. Downstream companies have used the RMI's [Conflict Minerals Reporting Template](#) (CMRT) and [Cobalt Reporting Template](#) (CRT) to gather information from upstream entities in their value chain with the aim of aggregating and reporting this information publicly. The CMRT facilitates information exchange/reporting to comply with the Dodd-Frank Act and is being updated to facilitate reporting under the EU Mineral Supply Due Diligence Regulation.

Participants in the GRI-RMI Corporate Leadership Group were asked to reflect on the specific due diligence-related information they considered meaningful to report. This information is included below, along with questions from the CMRT/CRT, and their link to GRI Standards in Table 4. These contents are categorized according to the *OECD Due Diligence Guidance for Responsible Supply Chains* five step framework to demonstrate the type of information that can be reported for each step.

When reporting on mineral sourcing, an organization may choose from the collected suggestions for contents below, depending on its specific circumstances and interests by its stakeholders.





The pages after Table 4 contain examples of extracts of reporting on some of the contents mentioned above. Inclusion of examples from reporting organizations does not imply endorsement – these examples are included as a means of illustrating current reporting practice and as a source of inspiration.

Table 4 Suggestions for reporting on due diligence

Collected suggestions of contents that can be reported in alignment with the OECD Due Diligence Guidance for Responsible Supply Chains		GRI Standards under which contents can be reported
Reporting on Step 1: Establish strong company management systems		
<p>Questions collected from CMRT and CRT and OECD-based due diligence indicators derived by Development International criteria ¹</p>	<ul style="list-style-type: none"> • Have you established a supply chain policy? • Is your supply chain policy publicly available on your website? • Do you require your direct suppliers to source the 3TG from smelters whose due diligence practices have been validated by an independent third-party audit program? • Have you implemented due diligence for your mineral supply chain? (e.g., communicating and incorporating into contracts your expectations to suppliers; identifying and assessing risks in the supply chain; designing and implementing a strategy to respond to identified risks; verifying your direct supplier's compliance to its supply chain policy.) • Does your company conduct 3TG surveys of your relevant suppliers? • Do you review due diligence information received from your suppliers against your company's expectations? (e.g., third-party audit, documentation review only, internal audit) • Does your review process include correction action management? • Is your company required to file an annual conflict minerals disclosure with the SEC? • Do you require suppliers to exercise due diligence over the cobalt supply chain in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains? • Do you require your direct suppliers to source cobalt from smelters whose due diligence practices have been validated by an independent third-party audit program? • Do you require smelters' due diligence practices to cover, at a minimum, all risks in the OECD Due Diligence Guidance for Responsible Supply Chains Annex II Model Policy, as well as the worst forms of child labor? • Is any 3TG intentionally added or used in the product(s) or in the production process? • Does any 3TG remain in the product? • Does 100 percent of the 3TG (necessary to the functionality or production of your products) originate from recycled or scrap sources? • If no, what percentage of the 3TG (necessary to the functionality or production of your products) originate from recycled or scrap sources? • Has all applicable smelter information received by your company been reported in this declaration? • Is any of the cobalt intentionally added or used in the product(s) or in the production process? • Are suppliers sourcing through SORs that have successfully undergone an independent third-party audit (via the RMI, LBMA, RJC, etc.)? • Does your company provide or utilize a grievance mechanism? <p>See reporting examples from IBM and Philips in next section for an example of reporting on the due diligence contents described above</p>	GRI 103: Management Approach (2016)
GRI-RMI Corporate Leadership Group suggestions	<ul style="list-style-type: none"> • Does the company have a responsible sourcing policy or equivalent for minerals (including cobalt and other non-3TG minerals, if material) that is aligned with relevant aspects of the OECD Due Diligence Guidance for Responsible Supply Chains, the UN Guiding Principles on Business and Human Rights, and the ILO standards? 	GRI 103: Management Approach (2016)

¹ Development International, Dodd-Frank Section 1502 Filing Evaluation, 2016, pp. 52-57: https://docs.wixstatic.com/ugd/f0f801_9502a3a2a8f143a7b5d863792a01318a.pdf

Reporting on Step 2: Identify and assess risks in the supply chain		
Questions taken from CMRT and CRT	<ul style="list-style-type: none"> • What percentage of relevant suppliers have provided a response to your supply chain survey? • Do any of the smelters in your supply chain source the 3TG from the covered countries (DRC or adjoining countries)? • Do any of the smelters in your supply chain source minerals from a Conflict-Affected and High-Risk Area? • Have you identified all of the smelters supplying cobalt to your supply chain? • Have you assessed whether the smelters/refiners in your supply chain have carried out all 5 steps of due diligence? • Have you supported, including through participation in industry-driven programs, joint spot checks and/or audits at the smelter/refiner's facilities? • Have you identified the presence of Annex II risks in the supply chain? 	<p>GRI 102: General Disclosures (2016), Disclosure 102-9 Supply chain</p> <p>GRI 308: Supplier Environmental Assessment (2016)</p>
GRI-RMI Corporate Leadership Group suggestions	<ul style="list-style-type: none"> • What percentage of relevant suppliers have provided a response to your supply chain survey? • Number or percentage of suppliers implementing OECD DD guidance • Percentage of suppliers with a Risk Readiness Assessment completed <p>See reporting example from Apple on how risk assessment data is reported utilizing the RMI Risk Readiness Assessment</p>	<p>GRI 102: General Disclosures (2016), Disclosure 102-9 Supply chain</p>
Reporting on Step 3: Design and implement a strategy to respond to identified risks		
Questions taken from CMRT and CRT and OECD-based due diligence indicators derived by Development International	<ul style="list-style-type: none"> • Do you review due diligence information received from your suppliers against your company's expectations? (e.g., 3rd party audit, documentation review only, internal audit) • Does your review process include corrective action management? • What are the established procedures or guidelines that determine the response to findings of human rights / child labor violations? • Is there a process for measuring SOR(s)' demonstrated significant and measurable improvement within six months from the adoption of their risk management plans? • Was designated senior management briefed on the gathered information and the actual and potential risks identified in the supply chain risk assessment? • Are upstream suppliers utilizing or supporting an upstream verification and due diligence system that provides components of risk assessment and mitigation or has the company implemented concerted capacity-building efforts with measured outcomes that target the upstream? 	<p>GRI 102: General Disclosures (2016), Disclosure 102-9 Supply chain</p> <p>GRI 308: Supplier Environmental Assessment (2016)</p>
Reporting on Step 4: Carry out independent third-party audit of smelter/refiner's due diligence practices		
GRI-RMI Corporate Leadership Group suggestions	<ul style="list-style-type: none"> • Percentage of smelters that have been validated by an independent third-party audit program • Percentage of smelters which are active in an independent third-party audit program but are not yet conformant • Percentage of smelters that are not participating in an independent third-party audit program 	
Additional contents that can be reported for Step 5: Report annually on supply chain due diligence		
Questions taken from CMRT and CRT and OECD-based due diligence indicators derived by Development International	<ul style="list-style-type: none"> • Do you publish audit reports with due regard taken of business confidentiality and other competitive concerns? • Do you publish an annual report on due diligence for responsible supply chains of minerals from conflict-affected and high-risk areas? • Do you report on risks identified in the supply chain and how those risks are mitigated? <p>See reporting examples from HP Inc. and Microsoft to see how results from due diligence can be reported</p>	<p>GRI 102: General Disclosures (2016), Disclosure 102-9 Supply chain</p>

Example of reporting on participation in due diligence programs like the Responsible Minerals Assurance Process (RMAP) and clear breakdown of steps taken for due diligence (from IBM, 2017)

In this excerpt from IBM's sustainability report, the company highlights its **participation in the RMI and how it uses its tools and resources such as the Responsible Minerals Assurance Process (RMAP)**. Further, IBM **extensively describes its aspects of its due diligence work in four steps** that lay out how the company has established a standard, performed a Reasonable Country of Origin Inquiry (RCOI), conducted due diligence on in-scope suppliers, and is working with smelters and refiners to make sure they are included in RMAP or equivalent programs. IBM cites disclosures like **number of responses from in-scope suppliers received and percentage of SORs identified by in-scope suppliers that are conflict-free**.⁹⁸ Contents from this excerpt could be included when reporting on the following GRI disclosures and Standards: Disclosure 102-9 Supply chain and GRI 103: Management Approach (2016).

IBM participates in the Responsible Minerals Initiative (RMI), along with over 350 other companies and industry groups, focused on working to resolve challenges associated with this issue. IBM and RMI members are working together to identify, vet, converse with and lead the entire portfolio of member-identified SORs to participate in the Responsible Minerals Assessment Program (RMAP). RMAP was created for SORs that play a crucial role in the extended supply chain, as they are the point at which concentrated ores are refined into the higher-level materials that cascade into technology products. Readers are encouraged to access the RMI website for information on the many tools and programs being driven by this important initiative at responsiblemineralsinitiative.org.

IBM's due diligence measures for conflict minerals conform to the framework set forth in the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas. Our work to date can be summarized in four categories:

- 1) Establishing a supply chain standard for conflict minerals.
- 2) Performing a Reasonable Country of Origin Inquiry (RCOI) regarding the potential sources of conflict minerals in our products.

- 3) Performing due diligence by surveying our in-scope direct suppliers using the RMI's Conflict Mineral Reporting Template (CMRT) to ascertain the SORs present in the supply chain.
- 4) Working with those SORs to gain their engagement in RMAP or equivalent programs. In the spirit of collaborative work, IBM accepts the LBMA Good Delivery List, Responsible Jewellery Council Chain of Custody Certification, TI-CMC as proof of conflict-free stature.

To determine information about its upstream sources of 3TG, IBM used multiple iterations of the RMI CMRT with its in-scope direct suppliers. The CMRT was developed to provide companies with a common format for their upstream suppliers to identify the use of 3TG, the SORs used in the extended supply chain and, where possible, the country of origin of 3TG. In the fourth quarter of 2017, IBM deployed the CMRT to our in-scope suppliers representing greater than 95 percent of our total supply chain expenditures for our covered products. We received responses from all of the in-scope suppliers and learned the identities of 307 upstream 3TG SORs located in 61 countries. By comparing the IBM-identified SORs to the RMAP list and the results of our further due diligence on SORs not participating in one of those third-party audit processes, we determined at the end of 2017 that 92 percent of the SORs identified by our in-scope suppliers were conflict-free or pursuing assessment (up from 86 percent at year-end 2016). The specific

⁹⁸ IBM Supply Chain Report, 2017, pg. 50. <https://www.ibm.com/ibm/responsibility/2017/assets/downloads/IBM-2017-CRR-SupplyChain.pdf>

Example of reporting on provision of definitions related to conflict minerals in sustainability report for external stakeholders and description of expectations for suppliers communicated in policy (from HP Inc., 2017)

In this excerpt from HP's Sustainable Impact Report (2017), the company provides general information on the issue of conflict minerals, familiarizing the reader with the definition and primary problem of sourcing conflict minerals. HP also provides a description of its policy for suppliers and demonstrates year-over-year performance data through metrics such as number of suppliers compliant or in process, number of suppliers believed to source recycled/scrap or from outside covered countries, and number of suppliers with unknown status.⁹⁹ Contents from these excerpts could be included when reporting on the following GRI disclosures and Standards: Disclosure 102-9 Supply chain and GRI 414: Supplier Social Assessment (2016).

policies and monitoring practices, and are broadening our vigilance beyond conflict minerals to a wider range of minerals and geographies. Through collaborative efforts, we aim to expand the market for responsibly sourced minerals.

Conflict minerals

"Conflict minerals" refers to the mineral precursors of the metals tantalum, tin, tungsten, and gold (3TG) as defined in the U.S. Securities and Exchange Commission (SEC) rule requiring a conflict minerals disclosure. Revenue from mining these minerals in the Democratic Republic of Congo (DRC) and adjoining countries has been widely linked to funding for groups engaged in extreme violence and human rights atrocities.

A multi-actor supply chain

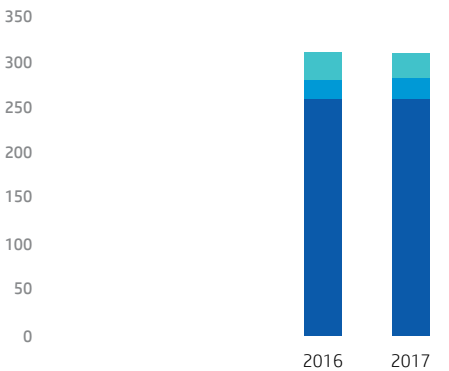
Across our complex, global, multi-actor supply chain, we have the most influence over our direct suppliers. However, in the case of trace and precious minerals we recognize that we must work to influence the practices of those much deeper in the supply chain. HP is an end user of 3TG metals and is typically four to 10 supply chain stages removed from the smelters that purchase and process the ore into metals. While conflict minerals are rarely used in large volumes in any one IT product or by one company, 3TG metals are found in relatively small amounts in virtually all electronic products. For this reason, it is important for HP to work with peers across the IT industry to collectively engage the entire supply chain in efforts to eradicate minerals that may have directly or indirectly supported armed groups.

⁹⁹ HP Inc., 2017 Sustainable Impact Report, p. 46-47, <http://www8.hp.com/h20195/v2/GetPDF.aspx/c05968415.pdf>

Suppliers

HP sets clear expectations of 3TG suppliers in our [Supply Chain Social and Environmental Responsibility Policy](#), [General Specification for the Environment](#), and [Supplier Code of Conduct](#). We assess these suppliers' responses to the RMI's Conflict Minerals Reporting Template, which gives companies a common format for sharing information about 3TG sources with business partners and suppliers across the supply chain. We request corrective action from suppliers where needed, and provide them training upon request. If any 3TG supplier reports sourcing from a smelter that triggers one of our potential risk indicators, we work with the supplier to establish whether unverified material is potentially used in HP products. When we identify a risk of this occurring, we request the supplier to remove the smelter from our supply chain.

Status of all supplier-reported 3TG facilities*



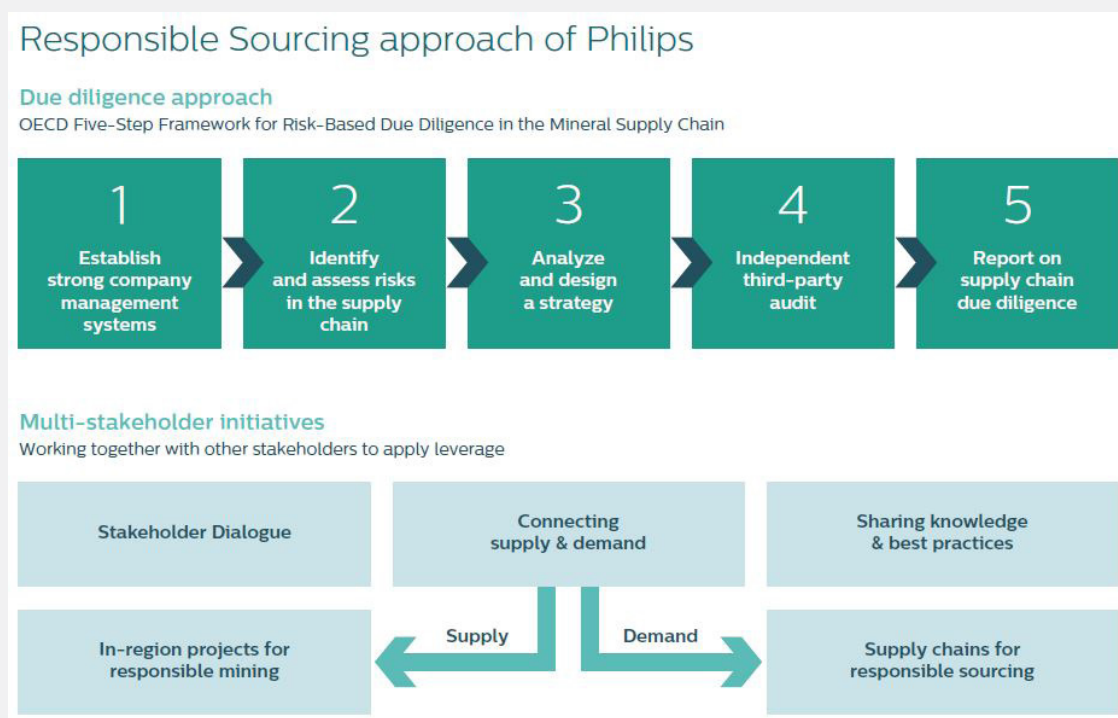
Unknown	31	28
Believed to source recycled/ scrap or from outside the Covered Countries	20	22
Compliant or in process**	260	260

* As of March 2018.

** Smelters or refiners listed by RMI as currently RMAP compliant (including certification or accreditation by similar independent assessment programs cross-recognized by RMAP such as the Responsible Jewellery Council's (RJC) Chain-of-Custody Certification Program, or the London Bullion Market Association's (LBMA) Responsible Gold Programme) or in the process of becoming RMAP compliant.

Example of a visual layout of the due diligence process (from Philips, 2017)

Philips informs its stakeholders of its due diligence approach and multi-stakeholder initiatives through a visual in its [2017 Annual Report](#). The infographic provides a broad overview of how Philips is working with stakeholders on the supply side (to promote in-region projects) and demand side (to share knowledge and best practices), through the five steps of the *OECD Due Diligence Guidance for Responsible Supply Chains*.¹⁰⁰ Contents from the below excerpt could be included when reporting on GRI 103: Management Approach (2016).



100 Philips 2017 Annual Report, pg. 207, <https://www.results.philips.com/publications/ar17#/downloads>

Example of reporting on provision of year-over-year detail on status of smelters by Responsible Minerals Assurance Process (RMAP) audit status (from Microsoft, 2018)

In this reporting example from Microsoft’s [Form SD](#) in compliance with Section 1502 of the Dodd-Frank Act, the company provides **specific, quantitative data to showcase its efforts in reaching an active status among smelters in the RMI’s RMAP audit program**. Microsoft reports on the increase in the percentage of conformant smelters over the years **and breaks this rate down by tin, tantalum, tungsten, and gold refiners**. The company also goes into more **granularity of RMAP audit statuses**, including ‘outreach required’, ‘in communication’, and others to show where ongoing work is needed.¹⁰¹ Contents from the below excerpts could be included when reporting on the following GRI disclosures and Standards: Disclosure 102-9 Supply chain and GRI 414: Supplier Social Assessment (2016).

IV. SOR INFORMATION

A. 3TG Processing Facilities

Microsoft has made a reasonable good faith effort to collect and evaluate information concerning 3TG SORs provided by our in-scope suppliers. The vast majority of our in-scope suppliers provided data at a company or divisional level. This level of disclosure was expected given the multiple tiers of supply chain actors positioned between our in-scope suppliers and 3TG SORs.

Our supplier survey data revealed 705 potential 3TG SORs in the Microsoft supply chain. We validated the data by removing duplicate SORs, reconciling multiple SOR names for a single entity, and eliminating otherwise invalid SOR names. We then verified if the alleged SORs were active and participants in the RMAP audit program. We determined that 306 SORs met this criteria.

The Figures below provide a visual depiction of the SORs identified in Microsoft’s supply chain by RMAP audit status. Figure 2 categorizes the SORs by RMAP audit status and reporting year. Figure 2 indicates that the number of conformant SORs increased from 249 to 253. Figure 3 categorizes the SORs by 3TG mineral and audit status. A comparison from the 2016 reporting year showed that tungsten increased in the number and percentage of conformant and active smelters.

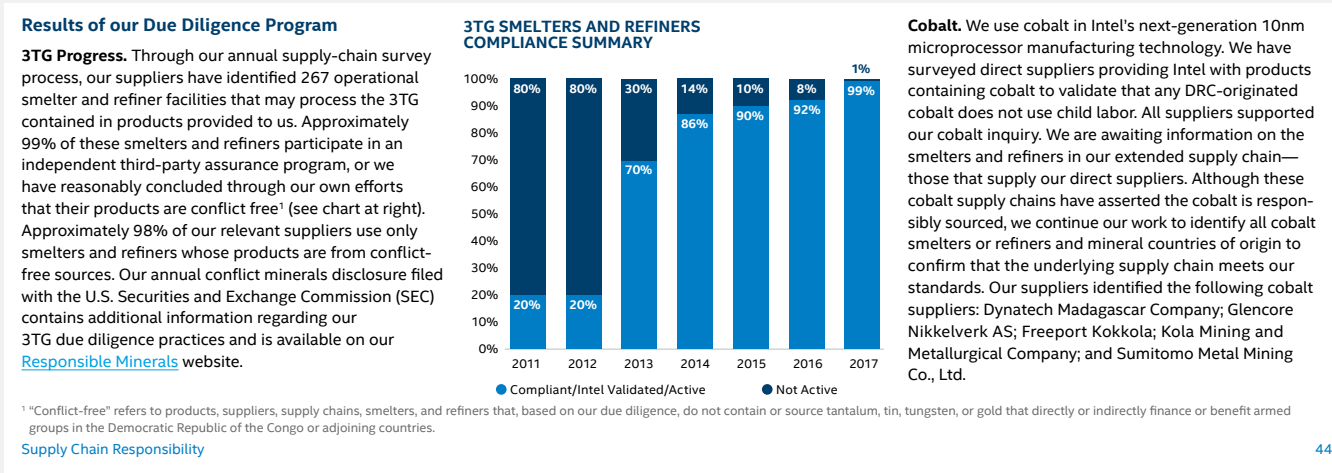
Table 1: Summary of RMAP Audit Status of Identified SORs

Number of SORs Identified in Microsoft Supply Chain	RMAP Audit Status
252	Conformant (Indicates RMAP, LBMA and/or RJC conformant)
26	Outreach Required
8	Active
5	In Communication
6	Communication Suspended - Not Interested
6	Non-Conformant
2	RMI Due Diligence Vetting Restriction - Not Applicable
1	Communication Suspended - Temporarily Ceased Operations

101 Microsoft, 2018 Conflict Minerals Report, <https://www.microsoft.com/en-us/download/details.aspx?id=56968>

Reporting example: Visual depiction of due diligence compliance summary and information on non-3TG minerals like cobalt (from Intel, 2017)

Intel’s [2017 sustainability report](#) breaks down the proportion of compliant and active smelter or refiners (SORs) and reflects on the progress made since 2011. Further, the company reports on use of cobalt in its products and describes the due diligence process used to ascertain whether the cobalt is responsibly sourced.¹⁰² Contents from the below excerpt could be included when reporting on the following GRI Standards: GRI 414: Supplier Social Assessment (2016) and GRI 414: Supplier Social Assessment (2016).



102 <https://www.intel.com/content/www/us/en/corporate-responsibility/csr-report-builder.html>

Example of reporting on the development of due diligence tools like the Risk Readiness Assessment (RRA) and inclusion of data on non-3TG minerals like cobalt (from Apple, 2018)

In Apple’s [2018 Supplier Responsibility Progress Report](#), the company displays third-party assessment participation for smelters working with 3TG and cobalt. The additional information from Apple on smelter and refiner participation in third-party assessments gives context to reporting on the status of smelters and refiners. Here, Apple goes beyond the expectations of Section 1502 of the Dodd-Frank Act, which focuses on reporting on 3TG – Apple has included reporting on cobalt for 2016 and 2017.¹⁰³ Contents from the below excerpt could be included when reporting on the following GRI disclosures and Standards: Disclosure 102-9 Supply chain and GRI 103: Management Approach (2016).



103 https://www.apple.com/supplier-responsibility/pdf/Apple_SR_2018_Progress_Report.pdf

Reporting example on mid-stream actor's identification of risks and follow-up actions (from Umicore, 2017)

Umicore included an annex in their [2017 compliance report](#) for cobalt, specifically detailing identified risks in the supply chain for that year, along with the level of risk, whether the supplier was 'material' (contributing more than 1% to the total yearly cobalt supply), follow-up actions and the status of these cases. The annex demonstrates a proactive approach to reporting on risks in mineral supply chains other than 3TG.¹⁰⁴ Contents from the below excerpt could be included when reporting on the following GRI Standards: GRI 205: Anti-corruption (2016) and GRI 414: Supplier Social Assessment (2016).

Annex: Red/Orange Flag Indications and Follow-up Actions 2017					
Red/Orange Flag	Indication Description	Supplier Materiality	Supplier Country Risk	Follow-up Action	Status
Red Flag Indication: bribery and corruption linked to cobalt operations	Indications of bribery linked to the acquisition of supplier's mineral assets	Material	High	An official investigation concerning the allegations of bribery in a case dating from 2010 is still pending. Umicore is awaiting the conclusions by official authorities to determine its position against this red flag indication. The Approval Committee decided to continue the business relation with this supplier in the meantime.	Open
Red Flag Indication: bribery and corruption linked to cobalt operations	Indications of fraud, bribery and corruption linked to the acquisition of supplier's mineral assets	Material	High	Umicore reviewed the allegation and contacted the supplier for clarifications. No legal proceedings are pursued against this supplier. Umicore's review made clear that the supplier is not involved in this case and therefore wrongly accused. The Approval Committee decided to close this case and continue the business relationship.	Closed

¹⁰⁴ <https://www.umicore.com/en/cases/sustainable-procurement-framework-for-cobalt/compliance-report>

12. How can organizations report on the impacts that they are involved with related to sourcing minerals?

“Too many companies write generic one-pagers on what they commit to doing rather than what they have actually done. While supply chain due diligence and reporting alone will not end conflict in eastern Congo or prevent corruption and human rights abuse, they are important steps toward making sure that companies’ mineral supply chains are not conduits for such harms and are part of the solution to these complex issues. Detailed public reporting by companies on how they have identified and addressed supply chain risks over time helps to create and demonstrate progress towards this end.”

ENOUGH PROJECT

Participants in GRI and the RMI’s Corporate Leadership Group spoke about difficulties in understanding what needs to be reported when it comes to impacts at the furthest upstream part of the supply chain, at the mine site and its local community. Guidance and tools for reporting on the process of due diligence (how impacts are addressed) should be complemented with similar resources for reporting on actual adverse impacts, as well as reporting positive impacts within the region where sourcing, processing, and trading occurs.

Companies discussed the related challenges of selecting metrics for reporting this type of information, including reporting consistently year on year, and finding comparable ways of reporting across varying industries. Many expressed worries of setting unachievable targets. In addressing this concern, CSOs suggest that target-setting should be step-wise rather than take the form of ambitious goals like ‘100% conflict-free.’ Further, leveraging external data sources and providing context to describe the mine-level/on-the-ground situation can lessen negative reactions to reported information.

“It’s important to ensure that individual incident indicators, like cases of forced labor, are complemented wherever possible by bigger picture indicators that track local development at the provincial level, including security and violence rate (real and perceived), human development indicators (like school completion rate, local poverty rates) and local government improvement rates (revenues from minerals for example). Such information puts individual indicators in context.”

ATEA SVERIGE

For organizations it is difficult to link their due diligence efforts through the supply chain to specific human rights outcomes in the upstream. That is why providing contextual information describing mine-level/on-the-ground issues is especially important. One factor complicating this explicit linkage is the challenge of confidentiality. Since downstream companies cannot typically identify individual mines they source from and are not expected to do so under the OECD Due Diligence Guidance for Responsible Mineral Supply Chains, it becomes difficult to link due diligence processes such as audits or engagement with smelters to direct (positive or negative) outcomes within the mines and local communities. However, an organization’s contextual information about on-the-ground efforts to address adverse impacts, the leverage they exert in the supply chain, and goal to promote positive impacts provides stakeholders with a view as to the organization’s broad support for addressing human rights issues related to its mineral sourcing.

Current Practice: Reporting more in-depth measurement of impact on mining communities

Methodologies and approaches are beginning to emerge for measuring impact deeper in the supply chain. For example, in its [2019 Conflict Minerals Report](#), Apple provides a summary of its efforts and partnerships with organizations to measure adverse impacts on human rights in its 3TG supply chain.

Inclusion of examples from reporting organizations does not imply endorsement – these examples are included as a means of illustrating current reporting practice and as a source of inspiration.

Apple also maintains a grievance mechanism through a dedicated 3TG email address that allows suppliers to report concerns or grievances in connection with 3TG mining, processing, and trading. The concerns or grievances submitted through this mechanism are then reviewed with the participation of relevant Apple business teams, and follow-up activities are conducted as appropriate.

Going Beyond: Working Together with Stakeholders for Progress

Apple works to make industry-wide progress on responsible minerals sourcing, beyond its own supply chain. As part of this commitment, Apple engaged with a broad range of civil society, industry, and government experts and partnered with the Enough Project, an international human rights organization, to convene a series of expert group meetings to discuss opportunities to work collectively on innovative approaches to the responsible sourcing of minerals in the supply chain.

Starting in 2017, as part of its commitment to industry-wide progress, Apple benchmarked the scope and requirements of dozens of third-party sustainability standards, including upstream protocols for mineral processors and mining companies, and published this information in its Responsible Sourcing Standard. Continuing through 2018, Apple analyzed additional third-party sustainability standards and updated its benchmarking to include organizations and standards that had been strengthened and now aligned with Apple's standards in specific risk categories. Apple also updated its risk mapping requirements in support of the principles of the Extractive Industries Transparency Initiative at the mining company level.

In 2018, Apple also supported the development of certain industry-wide standards, including the Responsible Artisanal Gold Solutions Forum's Artisanal Gold Due Diligence Toolkit; the Code of Risk-mitigation for ASM (artisanal and small-scale mining) engaging in Formal Trade (CRAFT Code) developed by the Alliance for Responsible Mining and RESOLVE, Inc., a nonprofit organization; and the Blockchain Guidelines of the Responsible Business Alliance's Responsible Minerals Initiative ("RMI").

Apple also worked with the International Organization for Migration ("IOM") to provide background information and related support in connection with the development of a set of guidelines for industry actors on how to address confirmed allegations in the upstream supply chain in accordance with UN Guiding Principles. In 2018, IOM published these guidelines as the Remediation Guidelines for Victims of Exploitation in Extended Mineral Supply Chains in English, French, Spanish, and Chinese and made them available to other industries.

In 2018, Apple chaired the board of the Responsible Business Alliance, served on the Steering Committee of the RMI, continued its participation in the European Partnership for Responsible Minerals, and served on the Governance Committee of the Public-Private Alliance for Responsible Minerals Trade. Apple also contributed to several RMI working groups, including, but not limited to, the working groups for tin, gold, and other minerals; the smelter engagement team; the blockchain team; and the minerals reporting template team.

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In this chapter, Section I deals with reporting adverse impacts related to mineral sourcing while Section II provides guidance for reporting on positive impacts related to mineral sourcing.

12.1 How can organizations report on adverse impacts related to mineral sourcing?

The impact of mineral sourcing touches economic, environmental, and social dimensions. For example, miners in the DRC describe challenges such as armed looting of the mines – thus depriving them of their work and livelihood – and illegal taxes that they must pay to state and non-state armed groups.¹⁰⁵ The situation is further complicated because just as in some cases military groups depend on mines for revenue, Congolese people also depend on mines for their livelihood.¹⁰⁶ The majority of mines in the DRC are artisanal and small-scale, meaning mining is often conducted via hand-tools and minimal mechanization is used.¹⁰⁷

Women and children often face a greater burden compared to men, as women are frequently victims of sexual violence and children are forced to work for a variety of social and economic reasons.¹⁰⁸ Further, women and children who work in the mines often lack the resources to receive an education and remain illiterate.¹⁰⁹

The *OECD Due Diligence Guidance for Responsible Supply Chains* has described the following impacts as “serious abuses associated with the extraction, transport or trade of minerals” in its [Annex II](#), “Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas” (Annex II Model Policy):¹¹⁰

- i. any forms of torture, cruel, inhuman and degrading treatment;
- ii. any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;

- iii. the worst forms of child labour;
- iv. other gross human rights violations and abuses such as widespread sexual violence;
- v. war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.”

The Annex II Model Policy also includes “direct or indirect support to non-state armed groups”, “bribery and fraudulent misrepresentation of the origin of minerals”, “money laundering”, and “payment of taxes, fees and royalties to governments and private/public security forces”. These “adverse impacts associated with extracting, trading, handling, and exporting minerals from conflict-affected and high-risk areas” are summarized in Table 5 along with the GRI Standards under which reporting on these impacts can be integrated.¹¹¹

Current Practice: Reporting on adverse impacts

Some companies have begun early efforts to measure and report on actual adverse impacts that they identify and aim to address through their due diligence efforts that attempt to address adverse impacts.

See an example below. Inclusion of examples from reporting organizations does not imply endorsement – these examples are included as a means of illustrating current reporting practice and as a source of inspiration.

¹⁰⁵ <https://www.globalwitness.org/mining-for-our-minerals/>

¹⁰⁶ https://www.bsr.org/reports/BSR_Conflict_Minerals_and_the_DRC.pdf

¹⁰⁷ https://www.bsr.org/reports/BSR_Conflict_Minerals_and_the_DRC.pdf

¹⁰⁸ <https://www.globalwitness.org/en-gb/campaigns/conflict-minerals/conflict-minerals-eastern-congo/>

¹⁰⁹ <http://www.cidse.org/articles/business-and-human-rights/conflict-minerals/gender-based-violence-and-mining-fuelled-conflict.html>

¹¹⁰ In the Responsible Minerals Sourcing CLG, participants often referred to this list as “Annex II risks” or “Annex II impacts”

¹¹¹ While not a focus of Table 5, impacts of mineral extraction can also be seen in the environmental dimension. Mining can have consequences for example for water, soil, and air including erosion, deforestation, biodiversity loss, and water pollution. Artisanal mining, too, has led to impacts such as deforestation to allow more space for the mine and operations, poor waste management, and water contamination due to mineral washing. In the process of gold mining, mercury emissions into the soil and water also leads to contamination of resources used for consumption. Site rehabilitation in the artisanal mining industry is not always done.

Example of reporting on risk of labor exploitation and modern slavery (from The Co-op)

In its 2017 sustainability reporting, the Co-op reports in detail on risks within the company's extensive supply chains with a focus on human rights issues such as forced labor highlighted in a separate Modern Slavery Statement. The extract below informs on the company's awareness and transparency towards incidences of human rights abuses occurring within their supply chain and shows that they actively addressed the issue.^{112, 113} Contents from the below excerpts could be included when reporting on GRI 409: Forced or Compulsory Labor (2016).

Forced or compulsory labour			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Ethical trade and human rights (p. 14-15, 39-40)
	103-2	The management approach and its components	Our approach to ethics and sustainability (p. 61-62)
	103-3	Evaluation of the management approach	Performance against 2017 targets (p. 63-65) We include relevant performance benchmarks throughout the Report
GRI 409: Forced or compulsory labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Ethical trade and human rights (p. 14-15, 40-44). We report full details in our Modern Slavery Statement https://www.co-operative.coop/ethics/modern-slavery

Box 4

Tackling modern slavery in our construction supply chain

There is a high risk of labour exploitation and modern slavery in construction, which is also one of our highest-spend areas. That's why our Construction and Facilities management category has been a priority in our ethical supply chain work.

In 2018 we:

- became the first client signatory of the [GLAA's Construction Protocol](#) - demonstrating our commitment to working with this sector, and enabling us to work collaboratively with the industry to address slavery and labour exploitation
- held a labour exploitation risk assessment workshop for some of our Construction Leadership Team to map our supply chain,

identify our greatest risks, and consider control measures

- re-tendered contracts with our 'main contractors'* and included specific ethical requirements as a condition of award. Successful suppliers will need to attend Stronger Together's 'modern slavery in construction' training
- included modern slavery and labour exploitation as specific items in our Strategic Supplier Conference for Construction and Facilities Management, reaching over 200 suppliers

*Our Construction and Facilities management category includes 'main contractors' (who carry out refits of food stores and funeral homes, and new space projects), shop fitting, cleaning and waste service providers.

More reported information on how Co-op addresses modern slavery can be found [here](#)

¹¹² https://assets.ctfassets.net/5ywmq66472jr/7wd32Ymn5uVWyo8MA6MiWS6/2637772911d30a57d13215b2db69d737/GRI_Index_-_Co-op_Way_reporting_2017.pdf

¹¹³ https://assets.ctfassets.net/5ywmq66472jr/1eKEGGvdjqbqRZ2dOdYAMZ/91328f8a9619d752ccf3b4a397c77f04/Modern_Slavery_Statement_2018.pdf

Table 5 Suggestions for reporting on impacts of mineral sourcing

Impact resulting from mineral sourcing derived from OECD Annex II risk	GRI Standards and Disclosures under which content can be reported
Impact mentioned in OECD Due Diligence Guidance for Responsible Supply Chains Annex II	Incidents of bribery and fraudulent misrepresentation of origin of minerals (by entities in the supply chain like smelters or refiners), monetary impact
	GRI 205: Anti-corruption (2016)
	Incidents of money laundering, monetary impact
	GRI 205: Anti-corruption (2016)
	Presence of forced or compulsory labor
	GRI 409: Forced or Compulsory Labor (2016)
	Presence of worst forms of child labor
	GRI 408: Child Labor (2016)
	<p>Occurrences of sexual violence</p> <p>Disclosure 406-1 Incidents of discrimination and corrective actions taken</p> <p>Incidents of torture, cruel, inhuman and degrading treatment</p> <p>Disclosure 410-1 Security personnel trained in human rights policies or procedures</p> <p>Occurrences of war crimes, crimes against humanity, genocide</p> <p>Disclosure 411-1 Incidents of violations involving rights of indigenous peoples</p> <p>Disclosure 412-1 Operations that have been subject to human rights reviews or impact assessments</p> <p>Direct or indirect support to non-state armed groups</p> <p>Disclosure 412-2 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening</p> <p>Payment of taxes, fees and royalties to governments and public/private security forces</p> <p>Your organization can also report on these adverse impacts by using additional disclosures from other sources to report on material topics covered by the GRI Standards, as well as reporting the GRI disclosures [See GRI 101]: “Any additional disclosures are expected to be subject to the same technical rigor as the disclosures in the GRI Standards, and to be consistent with other established standards or reporting frameworks where available and relevant.”¹</p> <p>Other established standards or reporting frameworks your organization might consider in this case are the UN Guiding Principles for Business and Human Rights and the UN Guiding Principles Reporting Framework.</p>
GRI-RMI Corporate Leadership Group Suggestions	<p>GRI 403: Occupational Health and Safety (2018)</p> <ul style="list-style-type: none"> • number of incidents/types of child labor (focus on worst forms of child labor) occurring in mining areas • number and types of incidents (armed groups, criminal activity) • number of deaths from mining accidents (types - cave ins²)

¹ [GRI 101: Foundation \(2016\)](#), pg. 19

² Note: a low number of incidents of human rights violations does not necessarily imply a low level of human rights violations, but could imply low levels of reporting or mischaracterization.

12.2 How can companies report on positive impacts related to mineral sourcing?

Positive impacts of mineral sourcing might include economic support of miners’ livelihoods. They can also include an organization’s mineral sourcing-related initiatives developed to promote positive change in the producing country.

Some of these positive impacts and related GRI disclosures are described in Table 6 below.

Table 6 Mineral sourcing-related positive impacts

Positive impacts related to mineral sourcing	GRI Standards and Disclosures under which content can be reported
Positive economic benefits imparted on the community <ul style="list-style-type: none">Jobs createdInfrastructure created	GRI 413: Local Communities (2016)

Some resources for gaining a deeper understanding of mineral sourcing-related impacts are presented below.

- [International Peace Information Service \(IPIS\) Conflict Mapping](#)
- [Five years of implementing supply chain due diligence](#)

“Reporting on the progress of our partnership with Pact has provided useful information to a variety of our stakeholders and enabled Microsoft to gain a deeper understanding of issues from experts in minerals sourcing. This means we can continue to learn and increase the effectiveness of our programs supporting responsible minerals sourcing at the source.”

MICROSOFT

Initiatives that pursue positive impacts and go beyond due diligence include local-level partnerships that address human rights issues or focus on community-building. Local organizations can lend their knowledge and expertise, effectively focusing on opportunities to create the most lasting, effective, and positive economic, environmental, and social outcomes.

The following pages contain examples of extracts of reporting on some of the contents mentioned above. Inclusion of examples from reporting organizations does not imply endorsement – these examples are included as a means of illustrating current reporting practice and as a source of inspiration.

Along with understanding how an organization identifies, prevents, mitigates, and potentially remediates adverse impacts of mineral sourcing, looking at how it promotes positive impacts on the ground is also important. That said, directly attributing negative and positive human rights outcomes to an organization’s due diligence processes and supportive measures can be challenging.

Example of reporting on partnership with an international development organization involved in projects in the DRC (from Microsoft, 2018)

Many organizations work on mitigating the adverse impacts of mineral sourcing and many companies have partnered with these organization in their goal to diminish their impacts. For example, in the excerpt below¹¹⁴ from a [blog](#) on Microsoft's corporate website (2018), the company describes its partnership with an international non-governmental organization (Pact). Microsoft includes information on reductions in child labor in mines where the project has been active and provides details on specific activities it supports including apprenticeship programs for adolescents and increased capacity of local orphanages. Contents from the below excerpt could be included when reporting on GRI 413: Local Communities (2016).

That is why today we are announcing a deepened, long-term partnership with [Pact](#), a leading nonprofit international development organization. This commitment will enable Pact to expand its critical work in the Democratic Republic of Congo to reduce child labor in mining.

This partnership builds on our existing work with Pact, with whom we've worked since 2015. Through this partnership, the successful [Watoto Inje ya Mungoti](#) (Children Out of Mining) project was launched; it uses interventions that are deeply embedded in communities and local institutions to address the economic and social root causes that lead to child labor in mining. In mines where the project has been active, Pact has found a reduction in child labor between 77 and 97 percent over the course of the project to date, with variation influenced by seasonal factors and the influx of new conflict-displaced families, among other factors.

Through our expanded partnership, we will work with Pact to provide more direct support to children and adolescents and the local organizations that support them. Activities will include developing an apprenticeship program for older adolescents, improving the capacity of local orphanages, assessing state child protection and welfare services, and supporting home-based day care for younger children of miners.

The data and personal stories of change outlined in Pact's [most recent report](#) make it clear that these localized intervention strategies are effective at driving change on the ground in mining communities. And they reaffirm and support our overall strategy to responsible sourcing.

"At the heart of Pact is the promise of a better tomorrow. Through our long-term partnership with Microsoft, we are making continued, meaningful progress toward addressing the economic and social root causes that lead to child labor in mining."

¹¹⁴ Source: <https://blogs.microsoft.com/on-the-issues/2017/08/30/working-together-expand-fight-child-labor-mining/>

Example of reporting on partnership with an international non-governmental organization and support given to local in-region organizations (from Apple, 2018)

In [Apple's Supplier Responsibility Report \(2018\)](#),¹¹⁵ the organization provides information on another initiative (Fund for Global Human Rights) that supports local organizations in the DRC to positively impact a range of problems associated with mining in the region, including social and economic issues. Contents from the below excerpt could be included when reporting on GRI 413: Local Communities (2016).

In addition to our on-the-ground efforts with Pact, Apple awarded a grant to the Fund for Global Human Rights in 2017. Since 2003, the Fund has worked to advance human rights by providing resources to activists and grassroots organizations that have the potential to generate positive change in over 17 countries. Apple partnered with the Fund to support their work in the DRC. Local organizations in the DRC receive grants from the Fund working on a range of issues, including the rights of women and children; economic and social rights of mining communities; inclusive economic growth; judicial advocacy; and health, safety, and fair compensation for mining communities.

¹¹⁵ https://www.apple.com/supplier-responsibility/pdf/Apple_SR_2018_Progress_Report.pdf

Example of reporting on pilot projects focused on making positive sustainability impacts in the DRC (from Google, 2018)

Google provides another example of reporting on positive sustainability impacts made in the supply chain,¹¹⁶ including numerous specific initiatives on the ground in the DRC; a notable example highlighted in the excerpt from Google's website below outlines pilot projects developed by the organization to develop clean energy solutions in mining communities in the DRC, while enabling increased accessibility to energy within these communities.¹¹⁷ Contents from the excerpt could be included when reporting on GRI 413: Local Communities (2016).

Congo Power's pilot projects fall into three major categories: point-of-use power solutions designed to support individuals such as due diligence personnel and mining staff; microgrids designed to support residential communities and targeted commercial, industrial, and agricultural use; and phased support and ongoing investment of funding and technical expertise in regional electrification.



Solar energy can power electronic devices used to record gold transactions, supporting traceability.

¹¹⁶ <https://sustainability.google/responsible-supply-chain/>

¹¹⁷ <https://sustainability.google/projects/congo-power/>

Example of reporting on partnerships that aim to tackle impacts of sourcing materials beyond 3TG like tin, mica, and cobalt (Philips, 2018)

In Philips' [2018 Annual Report](#), the organization reports on multi-stakeholder initiatives where it participates, including the Responsible Mica Initiative. The company also works with phone manufacturer Fairphone, to engage with a cobalt refiner that has subsidiaries in the DRC. The goal is to cooperate with artisanal and small-scale cobalt mine sites to mitigate some of the identified impacts of sourcing cobalt.¹¹⁸ The excerpt could be included when reporting on GRI 413: Local Communities (2016).

Mica Working Group

Mica is mainly used as a pearlescent pigment in coatings and cosmetics, and in the electronics sector it is used as an electrical insulator. In 2016, Terre des Hommes in collaboration with SOMO published a report "[Beauty and a Beast](#)" which showed the widespread problem in the Mica industry in Jharkhand/Bihar (India) and gaps in the due diligence of end user companies. Philips decided to become a member of the Responsible Mica Initiative (RMI), a cross-sector association that ensures close collaboration between various stakeholders to achieve a 100% responsible Mica supply chain over the next five years.

Next, Philips and partners Terre des Hommes, Kuncai and local Indian NGOs received funding from the RVO "Fund Against Child Labor" for their project which focuses on a systemic approach to creating favorable conditions for Mica miners, educating and empowering them to negotiate fair prices and creating access to the market.

Cobalt - newly added to our initiatives

Research by organizations like SOMO and Greenpeace revealed that serious human rights violations and environmental pollution are happening in the Democratic Republic of Congo (DRC) as a result of cobalt mining, including water pollution and forced evictions. In Q4 2017 Fairphone invited Philips to engage directly with a large Cobalt refiner which also has mining subsidiaries in the DRC. The aim was to identify Artisanal and Small-scale Mining (ASM) cobalt mine sites in the DRC that are able to meet the developed entry-level criteria and are committed to cooperate on improvements in the areas of Health and Safety, fairer income, and mining impacts on communities.

The entry-level criteria include legality, traceability and controls including on child labor. Furthermore, it has been agreed by Philips, Fairphone, a shared battery supplier, a cobalt refiner and UNICEF to develop and implement in 2018 a partnership agreement. This partnership agreement enables structural improvement of the situation through a well managed multi-stakeholder initiative.

¹¹⁸ <https://www.results.philips.com/publications/ar17?type=annual-report#d16e65293>





Appendix A: Key Q&A

What does sourcing responsibly mean with regard to mineral sourcing?

Responsible mineral sourcing means addressing impacts of sourcing minerals that lead to negative economic, environmental, or social impacts. This can be done through a combination of measures, including policies, due diligence, and remediation.¹¹⁹ It can also mean making positive contributions in places where the sourcing is happening.

The aforementioned impacts include those that constitute serious abuses associated with the extraction, transport or trade of minerals, referred to as Annex II risks throughout this document. Reporting on due diligence and supportive measures to address these risks in the Great Lakes region forms the focus of this publication.

A key reference document is the *OECD Due Diligence Guidance for Responsible Supply Chains* which provides steps “for detailed due diligence as a basis for responsible global supply chain management of minerals with a focus on respecting human rights and avoid contributing to conflict through their sourcing decisions, including the choice of their suppliers. By doing so, this Guidance will help companies contribute to sustainable development and source responsibly from conflict-affected and high-risk areas, while creating the enabling conditions for constructive engagement with suppliers” (pg. 12).

Which minerals should a company report on?

The OECD Due Diligence Guidance for Responsible Supply Chains provides a framework for detailed due diligence, including reporting, as a basis for responsible supply chain management of all minerals. The objective of the OECD Due Diligence Guidance for Responsible Supply Chains is to “help companies respect human rights and avoid contributing to conflict through their mineral sourcing practices with a view to enabling countries to benefit from their mineral resources and preventing the extraction and trade of minerals from

becoming a source of conflict, human rights abuses, and insecurity” – thus its scope includes any minerals that may contribute to conflict, human rights abuses, and insecurity.

¹¹⁹ Pg. 21, <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

Minerals that are addressed in current supply chain due diligence regulations include: tin, tungsten, tantalum, and gold (3TG). More information on regulatory reporting expectations for these minerals can be found [here](#).

Companies should identify the minerals and metals related to sustainability topics that are [material to their organization](#). For example, the impacts of sourcing minerals outside 3TG, like cobalt, gemstones, diamonds, copper or mica, may render a topic material due to significance of impacts or importance to stakeholders. In this case, the organization is expected to include these minerals in their reporting activities.

Can a company source minerals from a conflict-affected and high-risk area?

An organization can first begin to understand whether it is sourcing 3TG originating from a conflict-affected and high-risk areas by conducting a Reasonable Country of Origin Inquiry (RCOI). This requires a company to engage with its supply chain through data requests to understand whether further due diligence is required.¹²⁰ RCOI, a term used in the Dodd-Frank Act, is a process that may be helpful to any organization seeking to identify whether the materials used for its products originate from conflict-affected and high-risk areas globally.

Companies can pursue responsible sourcing from conflict-affected or high-risk areas through OECD-aligned due diligence processes. Companies can collect information from their value chains using the RMI's [Conflict Minerals Reporting Template](#) (CMRT) or Cobalt Reporting Template (CRT) and verify the information received.

What are GRI's requirements for external assurance for reporting?

When preparing a report in accordance with GRI Standards, reporting organizations must comply with the reporting requirement for Disclosure 102-56, External assurance. This refers to "activities designed to result in published conclusions on the quality of the report and information contained within it," including assurance of systems and processes, such as the application of the Materiality principle.

Disclosure [102-56 External Assurance](#) requires the following information:

- a. "A description of the organization's policy and current practice with regard to seeking external assurance for the report.
- b. If the report has been externally assured:
 - i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;
 - ii. The relationship between the organization and the assurance provider;
 - iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report."

¹²⁰ <https://conflictmineralsresources.com/what-is-rcoi/>

Appendix B: Key terms related to mineral sourcing

This glossary provides an explanation for key terms used within this toolkit, collected from commonly recognized key documents and tools related to mineral sourcing.

Key terms from OECD Due Diligence Guidance for Responsible Supply Chains

Link to Guidance: http://trade.ec.europa.eu/doclib/docs/2018/august/tradoc_157243.pdf

Annex II risks: The OECD Due Diligence Guidance for Responsible Supply Chains defined “serious abuses associated with the extraction, transport or trade of minerals” in its Annex II (“Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affect and High-Risk Areas”):¹²¹

- i. “any forms of torture, cruel, inhuman and degrading treatment;
- ii. any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
- iii. the worst forms of child labour;
- iv. other gross human rights violations and abuses such as widespread sexual violence;
- v. war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.”

Annex II risks also include support to non-state armed groups, private public security forces, bribery, money laundering, non-payment of taxes, and fraud.

Conflict-Affected High-Risk Areas (CAHRAs): Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread

violence. Such areas are often characterized by widespread human rights abuses and violations of national or international law

Downstream: ‘Downstream’ means the minerals supply chain from smelters/refiners to retailers. ‘Downstream companies’ include metal traders and exchanges, component manufacturers, product manufacturers, original equipment manufacturers (OEMs) and retailers. The Guidance recommends, among other things, that downstream companies identify, to the best of their efforts, and review the due diligence process of the smelters/refiners in their supply chain and assess whether they adhere to due diligence measures put forward in this Guidance. Downstream companies may participate in industry-wide schemes that assess smelters/refiners’ compliance with this Guidance and may draw on the information these schemes provide to help them fulfil the recommendations in this Guidance.

Upstream: In the [Supplement on Tin, Tantalum and Tungsten](#), ‘upstream’ means the mineral supply chain from the mine to smelters/refiners. ‘Upstream companies’ include miners (artisanal and small-scale or large-scale producers), local traders or exporters from the country of mineral origin, international concentrate traders, mineral re-processors and smelters/refiners... This Guidance calls on these upstream companies to provide the results of risk assessments to their downstream purchasers and have the smelters/refiners’ due diligence practices audited by independent third parties, including through an institutionalized mechanism.

Key terms from Dodd-Frank Act Section 1502

Link to legislation: <https://www.sec.gov/rules/final/2012/34-67716.pdf>

1. **Adjoining country.** The term adjoining country means a country that shares an internationally recognized border with the Democratic Republic of the Congo.
2. **Armed group.** The term armed group means an armed group that is identified as a perpetrator of serious human rights abuses in annual Country Reports on Human Rights Practices under sections 116(d) and 502B(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151n(d) and 2304(b)) relating to the Democratic Republic of the Congo or an adjoining country.

¹²¹ In the Responsible Minerals Sourcing CLG, participants often referred to this list as “Annex II risks” or “Annex II impacts”

3. **Conflict mineral.** The term conflict mineral means:
 - i. Columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives, which are limited to tantalum, tin, and tungsten, unless the Secretary of State determines that additional derivatives are financing conflict in the Democratic Republic of the Congo or an adjoining country; or
 - ii. Any other mineral or its derivatives determined by the Secretary of State to be financing conflict in the Democratic Republic of the Congo or an adjoining country.
4. **DRC conflict free.** The term DRC conflict free means that a product does not contain conflict minerals necessary to the functionality or production of that product that directly or indirectly finance or benefit armed groups, as defined in paragraph (d)(2) of this item, in the Democratic Republic of the Congo or an adjoining country. Conflict minerals that a registrant obtains from recycled or scrap sources, as defined in paragraph (d)(6) of this item, are considered DRC conflict free.
5. **DRC conflict undeterminable.** The term DRC conflict undeterminable means, with respect to any product manufactured or contracted to be manufactured by a registrant, that the registrant is unable to determine, after exercising due diligence as required by paragraph (c)(1) of this item, whether or not such product qualifies as DRC conflict free.
6. **Conflict Minerals from Recycled or Scrap Sources.** Conflict minerals are considered to be from recycled or scrap sources if they are from recycled metals, which are reclaimed end-user or post-consumer products, or scrap processed metals created during product manufacturing. Recycled metal includes excess, obsolete, defective, and scrap metal materials that contain refined or processed metals that are appropriate to recycle in the production of tin, tantalum, tungsten and/or gold. Minerals partially processed, unprocessed, or a bi-product from another ore will not be included in the definition of recycled metal.
7. **Outside the Supply Chain.** A conflict mineral is considered outside the supply chain after any columbite-tantalite, cassiterite, and wolframite minerals, or their derivatives, have been smelted; any gold has been fully refined; or any conflict mineral, or its derivatives, that have not been smelted or fully refined are located outside of the Democratic Republic of the Congo or an adjoining country.
8. **Nationally or internationally recognized due diligence framework.** The term “nationally or

internationally recognized due diligence framework” means a nationally or internationally recognized due diligence framework established following due-process procedures, including the broad distribution of the framework for public comment, and is consistent with the criteria standards in the Government Auditing Standards established by the Comptroller General of the United States.

Key terms from EU Mineral Supply Chain Due Diligence Regulation

Helpful guide:

http://trade.ec.europa.eu/doclib/docs/2017/march/tradoc_155423.pdf

EU legislation:

<https://eur-lex.europa.eu/eli/reg/2017/821/oj>

For the purpose of this Regulation, the following definitions apply:

- a. ‘minerals’ means the following, as listed in Part A of Annex I:
 - ores and concentrates containing tin, tantalum or tungsten, and
 - gold;
- b. ‘metals’ means metals containing or consisting of tin, tantalum, tungsten or gold, as listed in Part B of Annex I;
- c. ‘mineral supply chain’ means the system of activities, organisations, actors, technology, information, resources and services involved in moving and processing the minerals from the extraction site to their incorporation in the final product;
- d. ‘supply chain due diligence’ means the obligations of Union importers of tin, tantalum and tungsten, their ores, and gold in relation to their management systems, risk management, independent third-party audits and disclosure of information with a view to identifying and addressing actual and potential risks linked to conflict-affected and high-risk areas to prevent or mitigate adverse impacts associated with their sourcing activities;
- e. ‘chain of custody or supply chain traceability system’ means a record of the sequence of economic operators which have custody of minerals and metals as they move through a supply chain;
- f. ‘conflict-affected and high-risk areas’ means areas in a state of armed conflict or fragile post-conflict as well as areas witnessing weak or non-existent governance and security, such as failed states, and widespread and systematic violations of international law, including human

- rights abuses;
- g. 'armed groups and security forces' means groups referred to in Annex II to the OECD Due Diligence Guidance;
 - h. 'smelter and refiner' means any natural or legal person performing forms of extractive metallurgy involving processing steps with the aim to produce a metal from a mineral;
 - i. 'global responsible smelters and refiners' means smelters and refiners located inside or outside the Union that are deemed to fulfil the requirements of this Regulation;
 - j. 'upstream' means the mineral supply chain from the extraction sites to the smelters and refiners, inclusive;
 - k. 'downstream' means the metal supply chain from the stage following the smelters and refiners to the final product;
 - l. 'Union importer' means any natural or legal person declaring minerals or metals for release for free circulation within the meaning of Article 201 of Regulation (EU) No 952/2013 of the European Parliament and of the Council (7) or any natural or legal person on whose behalf such declaration is made, as indicated in data elements 3/15 and 3/16 in accordance with Annex B to Commission Delegated Regulation (EU) 2015/2446 (8);
 - m. 'supply chain due diligence scheme' or 'due diligence scheme' means a combination of voluntary supply chain due diligence procedures, tools and mechanisms, including independent third-party audits, developed and overseen by governments, industry associations or groupings of interested organisations;
 - n. 'Member State competent authorities' means authorities designated by Member States in accordance with Article 10 with expertise as regards raw materials, industrial processes and auditing;
 - o. 'OECD Due Diligence Guidance' means the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Second Edition, OECD 2013), including all its Annexes and Supplements;
 - p. 'grievance mechanism' means an early-warning risk awareness mechanism allowing any interested party, including whistle-blowers, to voice concerns regarding the circumstances of extraction, trade and handling of minerals in and export of minerals from conflict-affected and high-risk areas;
 - q. 'model supply chain policy' means a supply chain policy that conforms to Annex II to the OECD Due Diligence Guidance outlining the risks of significant adverse impacts which may be associated with the extraction, trade, and handling of minerals in and export of minerals from conflict-affected and high-risk areas;
 - r. 'risk management plan' means the written response of a Union importer to the identified supply chain risks based on Annex III to the OECD Due Diligence Guidance;
 - s. 'recycled metals' means reclaimed end-user or post-consumer products, or scrap processed metals created during product manufacturing, including excess, obsolete, defective, and scrap metal materials which contain refined or processed metals that are appropriate for recycling in the production of tin, tantalum, tungsten or gold. For the purposes of this definition, minerals partially processed, unprocessed or a by-product from another ore are not considered to be recycled metals;
 - t. 'by-product' means a mineral or metal falling within the scope of this Regulation that has been obtained from the processing of a mineral or metal falling outside the scope of this Regulation, and which would not have been obtained without the processing of the primary mineral or metal falling outside the scope of this Regulation;
 - u. 'verifiable date' means a date which can be verified by the inspection of physical date stamps on products or of inventory lists.

Key terms from the RMI's CMRT

Link to CMRT: <http://www.responsiblemineralsinitiative.org/conflict-minerals-reporting-template/>

Conflict Mineral: "As defined in 2010 United States legislation, Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502(e)(4): CONFLICT MINERAL. — The term "conflict mineral" means—(A) columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives; or (B) any other mineral or its derivatives determined by the Secretary of State to be financing conflict in the Democratic Republic of the Congo or an adjoining country. (available at <http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>)"

Covered Country(ies): Covered Country(ies) as defined by the United States Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. These countries include the Democratic Republic of the Congo and the nine countries with which it shares an internationally recognized border: Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, Zambia.

Declaration Scope or Class: For the purposes of this template, 'scope' describes the applicability of the

information provided by the reporting company. The scope may encompass the entirety of a company's services and/or products, or at a company's discretion, the template may be used to report on a specific product (or products), or, be 'User defined'. The 'User defined' scope selection or class may be used to describe any subset of a company's operation or product portfolio.

Dodd-Frank: 2010 United States legislation, Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502 ('The Dodd-Frank Act': <http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>)

DRC: Democratic Republic of Congo

DRC conflict-free: Products that do not contain minerals that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country. Source: 2010 United States legislation, Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502 (<http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>)

Gold (Au) refiner (smelter): A gold refiner is a metallurgical operation that produces fine gold with a concentration of 99.5% or higher from gold and gold-bearing materials with lower concentrations. Refer to the RMAP audit protocol for this metal for a complete description: <http://www.responsiblemineralsinitiative.org/smelter-introduction/>.

Independent Third-Party Audit Firm: With respect to smelter audits, an 'Independent Third-Party Audit Firm' is a private sector organization competent in evaluating the smelter or refiner's materials traceability against the standards of the RMAP or equivalent audit protocols. To maintain neutrality and impartiality, such organization and its audit team members must have no conflicts of interest with the auditee.

Intentionally added: "Intentionally added is commonly known as the deliberate use of a substance, or in this case metal, in the formulation of a product where continued presence is desired to provide a specific characteristic, appearance or quality.

While the SEC does not define the phrase "intentionally added" in the final rule*, the rule's preamble states: "[W]e agree that being intentionally added, rather than being a naturally-occurring by-product, is a significant factor in

determining whether a conflict mineral is "necessary to the functionality or production" of a product. This is true regardless of who intentionally added the conflict mineral to the product so long as it is contained in the product. [D]etermining whether a conflict mineral is considered "necessary" to a product should not depend on whether the conflict mineral is added directly to the product by the issuer or whether it is added to a component of the product that the issuer receives from a third party. Instead, the issuer should 'report on the totality of the product and work with suppliers to comply with the requirements.' Therefore, in determining whether a conflict mineral is "necessary" to a product, an issuer must consider any conflict mineral contained in its product, even if that conflict mineral is only in the product because it was included as part of a component of the product that was manufactured originally by a third party."

*(56296 Federal Register / Vol. 77, No. 177 / Wednesday, September 12, 2012 / Rules and Regulations)

Necessary for the Functionality of a Product: "The SEC does not provide a formal definition of this phrase in the final rule*, however it provides some guidance: A conflict mineral will be considered to be necessary to its functionality of a product if it meets the following: 1) is intentionally added to the product or any component of the product and is not a naturally-occurring byproduct; 2) is necessary to the product's generally expected function, use or purpose; and 3) is incorporated for the purpose of ornamentation, decoration, or embellishment, whether the primary purpose of the product is ornamentation or decoration."

NOTE: The conflict mineral must be contained in the product to be applicable.

*(56296 Federal Register / Vol. 77, No. 177 / Wednesday, September 12, 2012 / Rules and Regulations)"

Necessary for the Production of a Product: "The SEC does not provide a formal definition of this phrase in the final rule*; however, it provides some guidance: A conflict mineral will be considered to be necessary to the production of a product when: 1) it is intentionally included in the product's production process, other than if it is included in a tool, machine, or equipment used to produce the product (such as computers or power lines); 2) it is included in the product (MUST be contained in the product to be applicable); and 3) it is necessary to the product."

*(56296 Federal Register / Vol. 77, No. 177 / Wednesday, September 12, 2012 / Rules and Regulations)

OECD: Organisation for Economic Co-operation and Development

Product: A company's Product or Finished good is a material or item which has completed the final stage of manufacturing and/or processing and is available for distribution or sale to customers.

RBA: Responsible Business Alliance (www.responsiblebusiness.org)

Recycled or Scrap Sources: Recycled or scrap sources are recycled metals, that are reclaimed end-user or post-consumer products, or scrap processed metals created during product manufacturing. Recycled metal includes excess, obsolete, defective, and scrap metal materials that contain refined or processed metals that are appropriate to recycle in the production of tin, tantalum, tungsten and/or gold. Minerals partially processed, unprocessed or byproducts from other ores are not included in the definition of recycled metal.

Responsible Minerals Assurance Process (RMAP):

The Responsible Minerals Assurance Process (RMAP) is a process developed by the RMI to enhance company capability to verify the responsible sourcing of metals. Further details of the RMAP can be found here: <http://www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/>.

Responsible Minerals Initiative: Founded in 2008 by members of the Responsible Business Alliance (RBA), the Responsible Minerals Initiative (RMI) has grown into one of the most utilized and respected resources for companies addressing conflict minerals issues in their supply chains. Over 360 companies from ten industries participate in the RMI today, contributing to a range of tools and resources including the Responsible Minerals Assurance Process, the Conflict Minerals Reporting Template, Reasonable Country of Origin Inquiry data and a range of guidance documents on conflict minerals sourcing. The RMI also runs regular workshops on conflict minerals issues and contributes to policy development and debates with leading civil society organizations and governments. Additional information is available at www.responsiblemineralsinitiative.org.

RMAP Conformant Smelter List: The Responsible Minerals Assurance Process (RMAP) Conformant Smelter List is a published list of smelters and refiners that have undergone assessment through the RMAP, a program of the Responsible Minerals Initiative (RMI) or industry equivalent program (such as Responsible Jewellery Council or London Bullion Market Association) and have been validated to be in conformance with the protocols. If a smelter or refiner is not on the list, it has either not completed a RMAP assessment or is not in conformance with the RMAP protocol.

A list of smelters and refiners which have been validated to be conformant to the RMAP can be found at www.responsiblemineralsinitiative.org.

SEC: U.S. Securities and Exchange Commission (www.sec.gov)

Smelter: A smelter or refiner is a company that procures and processes mineral ore, slag and/or materials from recycled or scrap sources into refined metal or metal containing intermediate products. The output can be pure (99.5% or greater) metals, powders, ingots, bars, grains, oxides or salts. The terms "smelter" and "refiner" are used interchangeably throughout various publications.

Smelter Identification Number: A unique identification number the RMI assigns to companies that have been reported by members of the supply chain as smelters or refiners, whether or not they have been verified to meet the characteristics of smelters or refiners as defined in the RMAP audit protocols.

Tantalum (Ta) smelter: A tantalum smelter (also known as a processor) is defined as a company that converts Ta-containing ores, concentrates, slags or secondary materials into tantalum intermediate products or other tantalum containing products for direct sales or further processing into Ta-containing products, such as Ta powders, Ta components, Ta oxides, alloys, wires, sintered bars, etc. Refer to the RMAP audit protocol for this metal for a complete description at: <http://www.responsiblemineralsinitiative.org/smelter-introduction/>.

Tin (Sn) smelter: Primary [tin] smelters are companies with one or more facilities treating tin containing ore concentrates in order to produce tin metal. Secondary [tin] smelters are companies with one or more facilities that treat secondary materials by reduction for the production of crude or higher grade tin or tin product such as solder. A smelter as referred to within this audit protocol may operate as either one or both types of business operation. Refer to the RMAP audit protocol for this metal for a complete description: <http://www.responsiblemineralsinitiative.org/smelter-introduction/>.

Tungsten (W) smelter: A company with one or more facilities that converts W-containing ores (such as wolframite and scheelite), W concentrates, or W-bearing scrap (secondary material) into tungsten containing intermediates such as Ammonium Para-Tungstate (APT), Ammonium Meta-Tungstate (AMT), ferrotungsten, and tungsten oxides for direct sales or further processed into W-containing products (such as W powder or W-carbide powder). Refer to the RMAP audit protocol for this metal for a complete description: <http://www.responsiblemineralsinitiative.org/smelter-introduction/>.

Appendix C: Current state of reporting

This appendix provides a summary of publications and studies that have evaluated quality of reporting done by entities in the mineral value chain.

Downstream companies: The Responsible Sourcing Network's (RSN) 2018 report, *Mining the Disclosures*, analysed a sample of 206 companies on their Standardized Disclosure documents filed in accordance with the Dodd-Frank Act, Section 1502. The scores were based on 21 KPIs categorized as Human Rights Impact, Risk Management, and Reporting. In the fifth year of reporting to the SEC, the RSN found that the quality of companies' disclosures had weakened compared to previous years. While disclosure quality remained stable compared to 2017, there has been a decrease in reporting on due diligence processes (for example, reporting on products that fall within the scope of due diligence). However, according to RSN, leaders in due diligence work on conflict minerals continue to report on high quality due diligence processes, participation in multi-stakeholder initiatives, and engagement in innovative and proactive actions designed to identify and mitigate risks in their supply chains.¹²²

The Enough Project's 2017 study *Demand the Supply* evaluated 20 companies on four criteria related to sourcing conflict minerals: Conducting Conflict Minerals Sourcing Due Diligence and Reporting, Developing a Conflict-Free Minerals Trade and Sourcing Conflict-Free Minerals from Congo (Particularly Gold), Supporting and Improving Livelihoods for Artisanal Mining Communities in Eastern Congo, and Conflict-Free Minerals Advocacy. The study took an interest to gold given the difficulties in tracing the metal. The Enough Project found that companies had made improvements in some areas. For example, according to their reporting, companies were more discerning about sourcing conflict-free mineral and metals rather than eliminating the DRC from their supply chain completely. Still, the Enough Project also sees room for improvement in the way companies report, advising them to make disclosure procedures clearer and align with the OECD Due Diligence when possible.¹²³

Kim and Davis' 2016 article *Challenges for Global Supply Chain Sustainability: Evidence from Conflict Minerals Reports* investigates the challenges of declaring products conflict-free in SEC disclosures. In an analysis of over 1,000 conflict minerals reports submitted between 2014 and 2016, Kim and Davis found that only 1% of companies were able to declare products as conflict-free beyond reasonable doubt, 19% declared that there was no reason to believe that products contained DRC conflict minerals, and 80% stated that they were unable to determine the origin of their raw materials. After analysing a variety of factors, the authors found that companies that were most unable to declare themselves conflict-free were more likely to be global enterprises with complex structures and dispersed supply chains.^{124, 125}

Mineral exporters: Some organizations have also assessed the quality of reporting of among upstream actors. Global Witness, for example, published a study in 2017 called *Time to Dig Deeper*, in which it assessed the due diligence reports of 65 mineral exporters from eastern DRC, Rwanda, and Uganda. They found that only 29 out of 65 companies that export 3TG from eastern DRC, Rwanda, and Uganda published due diligence reports, with the largest percentage of reports coming from Rwanda. In the Eastern DRC, only 5 of 7 companies reported from North Kivu and only 8 of 15 companies in South Kivu published reports. Only one gold exporter – located in the Congo – produced a due diligence report though gold is the mineral that employs the most miners in the artisanal mining sector. According to Global Witness, overall, mineral exporters were more likely to publish reports that could be called “responsible sourcing plans” rather than a due diligence report. Detail of information was low and inaccurate information was common.¹²⁶

Smelters and refiners: A report published by Development International in 2018, called *3TG+C Smelter and Refiner Disclosure Conformance with Leading Due Diligence and Assurance Standards*, evaluated the due diligence practices and reporting of smelters or refiners (SORs). The report assessed 370 SORs on their alignment with the OECD's five steps and other assurance standards with which the SOR

¹²² https://static1.squarespace.com/static/594cbfa3440243aef3dfa1c4/t/5c12abf80ebbe819f9a2936f/1544727561702/MtD18-full_web_2.pdf

¹²³ https://enoughproject.org/wp-content/uploads/2017/11/DemandTheSupply_EnoughProject_2017Rankings_final.pdf

¹²⁴ <https://hbr.org/2017/01/80-of-companies-dont-know-if-their-products-contain-conflict-minerals>

¹²⁵ <http://amj.aom.org/content/59/6/1896>

¹²⁶ https://www.globalwitness.org/documents/19232/Time_to_Dig_Deeper_vb7AX58.pdf

may be associated (e.g. RMAP, RJC, LBMA). Development International found that 62% of the assessed SORs had either a supply chain due diligence policy, conflict minerals policy, or procurement policy and those that belonged to an assurance program performed better on average. Further, the analysis demonstrated that a large part of the due diligence efforts was driven by reporting according to U.S. legal requirements. At the same time, public reporting needs improvement due to “substantial gaps with respect to the degree to which SORs have fulfilled their public reporting obligations on due diligence efforts.”¹²⁷ The majority of SORs were found to be using “formulaic standard language” that did connote transparency. As Development International notes, lack of public disclosure on due diligence processes can raise into question the validity and effectiveness of a due diligence program.¹²⁸

Small and mid-tier mining companies: The Responsible Mining Foundation’s Mine-site ESG disclosure by small and mid-tier mining companies presents an overview of current reporting by small and mid-tier mining companies based on criteria covered by 15 ESG topics (e.g., community engagement, workers’ safety, environmental impact assessments, and water quality). The research concluded that disclosures practices are weak among these mining companies and site-disaggregated data is rare. The study also found that external requirements, such as mandatory reporting mechanisms set by governments, produce higher quality public reporting.¹²⁹

127 https://docs.wixstatic.com/ugd/f0f801_762796a852e84325bb126a824300999c.pdf

128 https://docs.wixstatic.com/ugd/f0f801_762796a852e84325bb126a824300999c.pdf

129 <https://responsibleminingindex.org/en/foundation/our-work/mine-site-study-2019>



About GRI

GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. This enables real action to create social, environmental and economic benefits for everyone. The GRI Sustainability Reporting Standards are developed with true multi-stakeholder contributions and rooted in the public interest.

The GRI Sustainability Reporting Standards (GRI Standards) are most widely adopted global standards for sustainability reporting. As of 2017, 93 percent of the world's largest 250 corporations report on their sustainability performance.

The practice of disclosing sustainability information inspires accountability, helps identify and manage risks, and enables organizations to seize new opportunities. Reporting with the GRI Standards supports companies, public and private, large and small, protect the environment and improve society, while thriving economically by improving governance and stakeholder relations, enhancing reputations and building trust.

GRI works with the largest companies in the world as a force for positive change. As a result, the impact of our work on social well-being, through better jobs, less environmental damage, access to clean water, less child and forced labor, and gender equality has enormous scale.



About the RMI

Founded in 2008 by members of the Responsible Business Alliance and the Global e-Sustainability Initiative, the Responsible Minerals Initiative has grown into one of the most utilized and respected resources for companies from a range of industries addressing responsible mineral sourcing issues in their supply chains.

The RMI's flagship Responsible Minerals Assurance Process offers companies and their suppliers an independent, third-party audit that identifies smelters and refiners that have systems in place to responsibly source minerals in line with current global standards. The RMI operates within the internationally recognized frameworks of the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Supply Chains, and the UN Guiding Principles on Business and Human Rights.

The RMI helps companies conduct due diligence in accordance with these frameworks, to ensure such efforts are accepted and recognized by all stakeholders. In practice, the RMI creates the enabling conditions for companies to exercise due diligence on minerals, through reporting and data tools such as the Conflict Minerals Reporting Template, Cobalt Reporting Template, Reasonable Country of Origin Inquiry data, Risk Readiness Assessment, and best practice guidance documents on meeting regulatory requirements.

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BMW
Boeing
H.C. Starck Tantalum and Niobium GmbH
Micron
Microsoft
Groupe Renault
Siemens
STMicroelectronics

Topic experts consulted – stakeholder organizations and companies from different steps in the value chain

Better Chain
Boston Common Asset Management
Consensus
Cronimet
Development International
Elm Sustainability Partners LLC
Enough Project
Global Witness
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Intel Corporation
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Noviva
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Principles for Responsible Investment
Responsible Jewellery Council
Responsible Sourcing Network
Southern Africa Resource Watch
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Development of this resource

Since January 2018, GRI and RMI have worked together to improve current [reporting on due diligence](#) and reporting on the [impacts of mineral sourcing](#). In the first stage of the project, the two organizations carried out extensive baseline research on the current reporting landscape, as well as an internal review of sustainability reports from 50 companies reporting on mineral sourcing across multiple industries and regions. There was also engagement with key stakeholders and experts from a variety of constituencies including government, civil society, industry associations, and investors to gain a spectrum of perspectives on corporate sustainability reporting related to mineral sourcing.

A [Corporate Leadership Group](#) (CLG) brought together 11 organizations from industries including but not limited to automotive, aerospace, electronics, and consumer goods. GRI and RMI jointly hosted four CLG Labs where CLG members could discuss the research findings from the baseline research, develop a common understanding of how existing tools and frameworks serve companies, share and evaluate best practices, and discuss how identified gaps can be addressed with additional reporting resources. The discussions of the CLG included:

- Due diligence reporting in accordance with 'Step 5' of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and relevant GRI Standards
- Involvement and communication between actors along the entire mineral value chain
- Reporting on impacts of mineral sourcing and trade
- Reporting on performance progress

The result of the baseline research and subsequent discussions during the CLG meetings led to the production of this toolkit.

