



Common practices when implementing the OECD Due Diligence Guidance, as identified by participants of the 3T downstream pilot

In 2012, during cycle 3 of the tin, tantalum, and tungsten (3Ts) pilot implementation programme, participants shared views on the implications of the reference contained in the US SEC Final Rule to the OECD Due Diligence Guidance as an internationally recognised framework and the requirement that companies subject to Dodd-Frank exercise due diligence in conformance to a nationally or internationally recognised due diligence framework, such as the OECD Due Diligence Guidance.

Because the SEC Final Rule further requires an independent audit of the Conflict Minerals Report on the conformance of the due diligence to a nationally or internationally recognised due diligence framework, such as the OECD Due Diligence Guidance, pilot participants felt that a critical point of learning was how the OECD Due Diligence Guidance applies to downstream companies that do not have direct relationships with smelters.

As a result of the peer-learning exercise and building on the flexibility incorporated in the Due Diligence Guidance, a majority of pilot participants collectively identified the following common approaches/practices to implementing the OECD Due Diligence Guidance for downstream companies that do not have direct relationships with smelters.

Step 1 Management Systems	Step 2 Identify & Assess Risks	Step 3 Responding to Risks	Step 4 Audit Smelters	Step 5 Publicly Report
<ul style="list-style-type: none"> • Adopt a conflict minerals company Policy. • Assemble an internal team to develop a program that implements the Policy and oversee due diligence, with senior management support. • Establish systems of controls and transparency over mineral supply chain by creating a process to engage relevant first-tier suppliers and request information, including information gathered by first-tier suppliers about their own supply chains. • Strengthen engagement with relevant suppliers, such as incorporating expectations regarding disclosure into supplier contracts, specifications or other documents. • Maintain related records for at least five years. • Establish and publish a company or industry-wide grievance mechanism. 	<ul style="list-style-type: none"> • Identify relevant or highest priority first-tier suppliers that supply products which contain conflict minerals. Determine the engagement approach that is appropriate for the breadth of your company's supply chain. • Request information from relevant suppliers to understand, to your best efforts, the smelters/refiners in the supply chain using (if appropriate) industry data collection tools (e.g. EICC/GeSI Conflict Minerals Reporting Template). Some companies with large supply chains may choose to use a combination of either gathering information from their suppliers and/or using a contract flow-down approach. • Review smelter/refiner information or other relevant information provided from your supply chain against the expectations established by your company's Policy • Compare smelters/refiners used by relevant suppliers against independently verified list or other reasonable means to assess whether companies are using only conflict-free minerals (e.g. the EICC/GeSI Conflict Free Smelter Program). 	<ul style="list-style-type: none"> • Report findings of supply chain risk assessment, such as relevant suppliers' failure to meet key expectations set by your company's Policy or supplier contract/specification to designated senior management. • Design and implement capability building (individually or as an industry) for relevant first-tier suppliers (e.g. how to fill in the Template) to enable your supply chain to conduct and improve performance to your company's expectations. • Devise and adopt a risk management plan designed to mitigate the risk that your relevant first-tier suppliers fail to fully understand and cooperate with your expectations. For instance, communication strategies to encourage suppliers to cooperate, communication to understand suppliers' progress and plans, or provide incentives and/or penalties. • Implement the risk management plan, monitor, track, and report progress of relevant suppliers to senior management. 	<ul style="list-style-type: none"> • Support the development and implementation of independent 3rd party audits of smelter/refiner's sourcing (e.g. the EICC/GeSI Conflict Free Smelter Program). 	<ul style="list-style-type: none"> • Document and communicate company's practices and due diligence. • Report on risk assessment and mitigation. • Although not part of the public report, respond to customers as requested, while honoring the confidentiality of business relationships throughout the supply-chain.