

About the OECD

The OECD is a forum in which governments compare and exchange policy experiences, identify good practices in light of emerging challenges, and promote decisions and recommendations to produce better policies for better lives. The OECD's mission is to promote policies that improve economic and social well-being of people around the world.

About the OECD Due Diligence Guidance

The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance) provides detailed recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices. The OECD Due Diligence Guidance is for use by any company potentially sourcing minerals or metals from conflict-affected and high-risk areas.

It is one of the international frameworks available to help companies meet their due diligence reporting requirements.

For more information visit: mneguidelines.oecd.org/mining.htm



Supported by the Instrument for Stability of the European Union [1]

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^[1] A new Regulation succeeding the Instrument for Stability entitled "the Instrument contributing to Stability and Peace" (IcSP) was adopted on 11th March 2014.

A number of industry and sector initiatives in the gold sector seek to operationalize the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance).

This booklet provides an overview of these initiatives and how they complement each other. First released in May 2014, it was last updated in October 2014 and will continue to be updated as new initiatives come forward.

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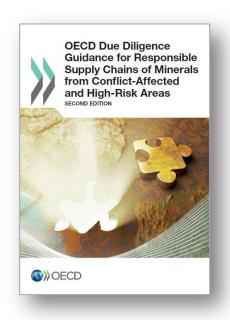
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The OECD Due Diligence Guidance

The OECD Due Diligence Guidance provides detailed guidance for implementing responsible supply chains of minerals to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices.

The OECD Due Diligence Guidance is global in nature, and provides:

- One framework for due diligence that can flow through the entire mineral supply chain
- A progressive approach promoting constructive engagement with suppliers



▶ Different treatment depending on mineral sourced and position of company in the supply chain

Conflict minerals regulation: US Dodd-Frank Act and the EU Initiative

- ▶ July 2010 Section 1502 of the US Dodd-Frank Act includes specific reporting requirements for companies whose products contain tin, tantalum, tungsten (3Ts) or gold (with a focus on the Democratic Republic of Congo (DRC)).
- ➤ August 2012 Final US Securities and Exchange Commission (SEC) rules reference the OECD Due Diligence Guidance as an international standard of due diligence for companies to use.
- ► March 2014 Draft integrated EU approach on responsible sourcing of minerals from conflict-affected and high-risk areas released. This approach applies to 3T and gold from all conflict-affected and high-risk areas. The OECD Due Diligence Guidance provides basis for selfcertification.

How the Dodd-Frank Act applies to the OECD Due Diligence Guidance

- ▶ Under Dodd-Frank Section 1502, US-listed companies have to determine whether 3T or gold in their products come from the African Great Lakes region.
- ► The OECD Due Diligence Guidance enables companies to meet the due diligence requirements of Dodd-Frank Section 1502.
- ► The OECD Due Diligence Guidance recommends that downstream companies identify the smelters/refiners in their supply chain, including information on country of mineral origin for products processed at these smelters /refiners.
- ► However, unlike Dodd-Frank, the OECD Due Diligence Guidance does not expect downstream companies to trace the minerals in a given product to a single country or mine of origin: this is the responsibility of companies in the upstream supply chain.

Defining conflict-affected and high-risk areas – not countries

Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence, including violence generated by criminal networks, or other risks of serious and widespread 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 are those where there is a high risk of conflict or of widespread or serious abuses as defined in paragraph 1 of Annex II of the OECD Due Diligence Guidance. Such areas are often characterised by political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure, widespread violence and violations of national or international law.

Support for the OECD Due Diligence Guidance

The OECD Due Diligence Guidance has been adopted by 43 OECD and non-OECD countries, and is supported by the UN Security Council through its 2010 resolution on the DRC.

It was endorsed by eleven African countries in the 2010 Lusaka Declaration (the International Conference of the Great Lakes Region, ICGLR) and integrated into the ICGLR Regional Certification Mechanism.

It is referenced throughout the integrated EU approach on responsible sourcing of minerals originating from conflict-affected and high-risk areas. It is also supported by the G8 since 2009 and referenced by US SEC in its final rule for section 1502 (Dodd-Frank).

In addition, the OECD Due Diligence Guidance is integrated into or referenced by existing industry and sector programmes as laid out in this guide.

References

UN Security Council Resolution 1502 (2010) www.un.org/sc/committees/1533/resolutions.shtml

Lusaka Declaration www.oecd.org/corporate/mne/47143500.pdf

Integrated EU approach to responsible sourcing of minerals http://mneguidelines.oecd.org/proposed-eu-responsible-trading-strategy-for-minerals-from-conflict-zones.htm

2013 Lough Erne G8 Leaders' Communiqué www.gov.uk/government/publications/2013-lough-erne-g8-leaderscommunique

US SEC final rule for section 1502 (Dodd-Frank) www.sec.gov/rules/final/2012/34-67716.pdf

The OECD Due Diligence Guidance & sector initiatives

Sector initiatives seek to operationalize the OECD Guidance

Industry and sector initiatives support companies along every level of the supply chain in their aim to operationalize the OECD Due Diligence Guidance as they identify, assess and manage supply chain risks.

All industry and sector initiatives work under the principle that responsible sourcing is everyone's responsibility. On-going efforts aim to establish mutual recognition between industry and sector initiatives to reduce confusion and the burden of evaluations and audits across the supply chain.

The OECD Due Diligence Guidance provides an internationally recognised due diligence framework for companies to responsibly source minerals from conflict-affected and high-risk areas. The OECD Due Diligence Guidance also enables companies to meet due diligence requirements (Dodd-Frank Section 1502).

Many industry and sector initiatives have been developed to help companies operationalize the OECD Due Diligence Guidance. Work continues to further harmonise industry and company initiatives to support outreach and implementation and reduce unnecessary duplication of supply chain audits.

The OECD welcomes new solutions to be put forward and piloted.

Overview of sector initiatives

Initiative	Organisations involved	Purpose	Participation	Audit/External Assurance	Public Disclosure
Conflict-Free Sourcing Initiative (CFSI) and Conflict- Free Smelter Program (CFSP)	Electronic Industry Citizenship Coalition (EICC)® Global e-Sustainability Initiative (GESI) www.conflictfreesmelter.org	Verifies that the sources of conflict minerals processed by smelters are conflict-free. Enables downstream companies to identify and source from conflict-free smelters. Seeks to operationalize the OECD Due Diligence Guidance for smelters and refiners.	Voluntary	Required	Required
DMCC Practical Guidance	Dubai Multi-Commodities Centre (DMCC) www.dmcc.ae/gold- responsible-sourcing- precious-metals	Enforces DMCC accredited members globally to implement the OECD Due Diligence Guidance	Mandatory for all Dubai Good Delivery (DGD), Market Deliverable Brand (MDB) accredited refiners and for Responsible Market Participant (RMP) members	Required	Required

FAIRMINED	Alliance for Responsible Mining (ARM) www.communitymining.org	Third party assurance that the gold comes from formalized artisanal mines with responsible social, environmental and labour practices. Enables Appendix 1 of the Supplement on Gold. Standards revision undergoing. Seeks to operationalize the OECD Due Diligence Guidance for artisanal and small-scale miners.	Voluntary	Required	Required
LBMA Responsible Gold Guidance	London Bullion Market Association (LBMA) www.lbma.org.uk/pages/index.cfm	Ensures that all gold feed stock and all gold produced by refiners are conflict-free. Enables downstream companies to identify and source from conflict-free refiners. Seeks to operationalize the OECD Due Diligence Guidance for refiners.	Mandatory for LBMA accredited refiners	Required	Required

RJC Chain-of- Custody Certification Program	Responsible Jewellery Council (RJC) www.responsiblejewellery.com	Certifies systems that can identify and track responsibly produced and conflict-free gold at each step of gold supply chains from mine to retail. Differentiates mined, recycled and grandfathered gold (or a mix) with the transfer of chain-of-custody documentation. Seeks to operationalize the OECD Due Diligence Guidance for miners, refiners, and other supply chain actors.	Voluntary	Required	Required
WGC Conflict-Free Gold Standard and Tools	World Gold Council (WGC) www.gold.org	Establishes a common approach by which gold producers can assess and provide assurance that their gold has been extracted in a manner that does not cause, support or benefit unlawful armed conflict or contribute to serious human rights abuses or breaches of international humanitarian law. Seeks to operationalize the OECD Due Diligence Guidance for mining companies.	Voluntary	Required	Required

Fairtrade Gold and Precious Metals	Fairtrade International www.fairtrade.net	Certification scheme for responsibly sourced gold and precious metals from artisanal and small-scale sources that comply with social, environmental, labour and traceability requirements. Certification follows principles of Appendix 1 of the Supplement on Gold. Standard revision in 2014 to align the standard with the OECD Due Diligence Guidance.	Voluntary	Required	Required
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Conflict-Free Sourcing Initiative

cfsi The Conflict Free Sourcing Initiative (CFSI) provides information on conflict-free smelters and refiners, common tools to gather sourcing information, and forums for exchanging best practices on addressing conflict minerals.

The CFSI encompasses a multi-sector, multi-stakeholder network that reaches out to downstream companies in multiple industries to encourage engagement for all those who support conflict-free supply chains.

Together, this network has developed tools and resources:

- ► Conflict-Free Smelter Program
- **Conflict Minerals Reporting Template**
- Conflict minerals training, best practices and workshops

Context

Conflict Free Smelter Program (CFSP):

- Performs independent 3rd party audits of smelters and refiners to assess if the minerals they processed originated from conflict-free sources
- Provides a credible mechanism that enables and encourages responsible sourcing
- Provides a public list of smelters and refiners who are compliant with the CFSP audit standards
- Provides its members with information necessary for Dodd-Frank reporting

Conflict Minerals Reporting Template (CMRT)

➤ A free tool that provides a common means to exchange due diligence information between suppliers and customers related to the source of minerals (identifying smelters).

Conflict Minerals Training and Best Practices

- ► Published *Reasonable Practices to Identify Sources of Conflict Minerals* guidance for downstream companies
- ► On-demand training for suppliers, use of CMRT, use of free desktop software to aggregate multiple CMRT's
- ► Completed 14th Conflict Minerals Workshop

For more information visit: www.conflictfreesourcing.org



The Dubai Multi Commodities Centre's (DMCC) responsible sourcing initiatives provide practical guidance for its market participants globally. The DMCC is a Government of Dubai Authority, established in 2002 to enhance commodity trade flows through Dubai.

DMCC Practical Guidance for Market Participants

- ► The DMCC Guidance entails implementing the OECD Due Diligence Guidance's 5-step framework for responsible sourcing of gold from conflict affected and high risk areas
- ► Implementation of the DMCC Guidance seeks to ensure compliance with OECD Due Diligence Guidance thereby fulfilling requirements as stipulated by the US Dodd-Frank Act and the draft EU regulation
- ► The DMCC Guidance is available in in Arabic, English, Hindi, Malayalam, French, Spanish and Turkish languages
- ► Any market participant that deals with any form of gold in their supply chain is eligible to become accredited to the relevant DMCC responsible sourcing initiative

Review Protocol

► The DMCC provides guidance to international audit firms for assessing compliance of a market participant with the implementation of the DMCC Guidance

DMCC's Responsible Sourcing Voluntary Certification Initiatives

- ► Requires mandatory implementation of the DMCC Guidance and DMCC's Anti-Money Laundering/Combating the Financing of Terrorism policy
- Mandatory annual independent 3rd party audits to be performed in accordance with the DMCC Review Protocol

The three DMCC accreditation initiatives for implementation of the DMCC Guidance and Review Protocol are as follows:

Responsible Market Participant (RMP)

- ► Accreditation of responsible sourcing practices based on 3rd party independent assurance, designed for all gold market participants: traders, jewellers, processors and aggregators.
- ► Launched in January 2014 UAE and regionally based gold traders and jewellers are in process of applying

Market Deliverable Brand (MDB)

- ► An accreditation initiative available to refiners that requires certifying their production quality and technical capabilities as well as their responsible sourcing practices.
- ► Launched in January 2014; Fujairah Gold Refinery in UAE is 1st member, others in process of applying

Dubai Good Delivery (DGD)

- Accreditation goes beyond responsible sourcing practices to review all aspects of a refinery's operations. Open to refineries with a minimum of 3 years of operations and producing at least 10 tonnes of gold annually.
- ▶ 14 gold refineries across 9 countries
- ➤ Signet Jewellers recognises that DGD meets their responsible sourcing requirements
- ► The Gem & Jewellery Export Promotion Council (GJEPC) recognizes that jewellery produced with DGD gold bars will enable jewellery exports to be compliant with aspects of the US Dodd Frank Act
- ► The Responsible Jewellery Council (RJC) recognizes DGD responsible sourcing audit as meeting RJC's responsible sourcing audit requirements

Implementation and risk mitigation

- ▶ DMCC approved auditors for DGD and MDB are Bureau Veritas, Deloitte, E&Y, Grant Thornton, KPMG and PwC. In addition to the above approved auditors, and specifically for Responsible Market Participant, the additional approved auditors are Horwath Mak and Verico Auditing.
- ▶ Reports are required to be published by members all members of the above three initiatives that have completed the accreditation and/or renewal of their membership have published the relevant reports on their corporate website, as stipulated in the DMCC guidance and review protocol

Implementing the DMCC Guidance mitigates the following risks:

- ► Financing of terrorism, wars, rebellions, conflict, etc
- ► Human right abuses such as forced labour and violence
- ► Violation of globally accepted environment, health and safety best practices
- ► Unlawful financial gains from smuggling, money laundering, tax evasion, etc.
- ► Violation of national or international laws

For more information visit:

www.dmcc.ae/gold-responsible-sourcing-precious-metals

Alliance for Responsible Mining: Fairmined Standard

The Fairmined Standard sets a common standard of what responsible artisanal mining should look like in terms of social, environmental, economic and governance practices and how it should be integrated into ethical global markets.

- ▶ It provides third party assurance on social, environmental, economic and governance practices of artisanal and small-scale miners (ASM) gold mining and asks markets to pay an economic premium to support transformation.
- ▶ It is consistent with the OECD Due Diligence Guidance, while seeking to enable traceable supply chains to market in support of traditional ASM.
- ▶ It was developed to promote the progressive formalization of the ASM sector, bringing with it improved labour rights, safer working conditions for miners, and strengthened miners' organizations with the capacity to campaign for legislation and public policies that promote their rights and enable a responsible ASM sector

Scope

- ► Aimed at creating opportunities for artisanal and small-scale miners and their communities
- Designed to cover only existing, conflict free, community-based, permanent and seasonal ASM
- ➤ Targeted at Artisanal and Small-scale Mining Organizations: formal organizations established for the purpose of conducting or facilitating responsible Artisanal and Small-scale Mining and constituted according to the legal, social, cultural and organizational reality of the local context.
- ► The geographic scope of Fairmined producing countries includes low- and medium-income countries qualifying for Official Development Assistance in Latin America and Caribbean, Africa, Asia and Oceania
- ► Global in scope and voluntary

Assurance requirements

- ► ASM organisations are audited annually by an independent third party, providing assurance that artisanal and small-scale miners in the system and downstream operators are acting in compliance.
- ► Fairmined Incorporated Physical traceability for Fairmined Gold is ensured all the way to the refiner. Chain of custody documentation must be kept.
- ► Fairmined Labeled Physical traceability and chain of custody requirements assure the customer that Fairmined Gold in a specific product was mined according to the Standard by one or more ASM Organizations.
- ► Fairmined Certificates Production capacity and projection as well as sales records of the certified ASM Organisations are registered. Under this model the physical traceability is maintained until the point where the ASM Organisation sells certified gold into a legal supply chain.

For more information visit: www.communitymining.org



The London Bullion Market Association: Responsible Gold Guidance

The London Bullion Market Association's (LBMA) responsible gold guidance is designed to ensure London Market is free from metal that had financed conflict or been used for money laundering or terrorist financing.

The Standard is:

- ► Global, long term focus
- ► OECD + Know Your Customer + Anti-Money Laundering mandatory audits = LBMA Responsible Gold
- ► All feedstock (mined production, scrap, investment bars) subject to due diligence and audit
- ► Risk-based: Higher risk = more due diligence is needed (and vice versa)
- ▶ All production (large bars, kilo bars, scrap etc.) conflict-free
- ► Focuses on conflict-free process, not conflict-free product

LBMA Good Delivery List

- ► Includes the world's pre-eminent refiners of gold and silver located in 31 countries
- Annual production of 63 LBMA Gold Refiners
- ► ~85-90% of annual world gold production

The list is widely recognized as the de facto standard for the quality of gold and silver market bars and is used by precious metal exchanges around the world to define in whole or in part the refiners whose gold and silver bars are accepted in their own markets.

- LBMA Responsible Gold Guidance (RGG) developed and recognised
- Refiner, industry and public consultation conducted
- RGG Official requirement of London Good Delivery
- Refiners accept & implement Steps 1-3
- Audit Guidance refiner, industry & public consultation
- Mutual recognition achieved with LBMA/RJC/EICC – Audit Guidance & consultation crucial to achievement
- 2011 Audit Reports received
- Audit Guidance finalised
- Q1 Refiners accept & implement Steps 4-5
- 2012 Audit Reports submission & review
- Auditor training & continued refiner support
- Continued cooperation with industry programmes,
- Continued support & implementation of OECD Guidance
- Development of refiner & bullion bank best practice guides (2013/14)

For more information visit: www.lbma.org.uk/pages/index.cfm



Responsible Jewellery Council

The Responsible Jewellery Council's (RJC) sole purpose is to promote responsible business conduct through standards and certification programs.

It carries out:

- ► Comprehensive member and auditor training, building capacity
- Free public webinars, including raising awareness of OECD Due Diligence Guidance

RJC Chain-of-Custody Certification:

- ► Harmonised with the OECD Due Diligence Guidance to promote its implementation
- ➤ Sets framework of strong management systems, risk assessments and a chain-of-custody standard.
- ▶ Builds on the RJC Code of Practices: addressing ethics, human rights and environment more broadly

RJC Chain of Custody Certified businesses have been independently audited for their conflict-sensitive sourcing practices and can supply gold with a responsible, conflict-free chain of custody.

Context

RJC is a full member of the ISEAL Alliance for sustainability standards.

 RJC Standards are developed through multi-stakeholder processes as per ISEAL Codes of Good Practice

RJC Certification is open to industry Members, globally, from mine to retail.

 Includes mining, refining, alloying, assaying, jewellery and watch manufacturing, retailing ► Trade associations can also join RJC to encourage uptake of responsible practices with their own members

Issues addressed through RJC Standards:

- ▶ Responsible business conduct in the jewellery supply chain
- ▶ Due diligence to avoid contribution to conflict and serious abuses
- ► Chain of custody management

Structure

RJC Code of Practices: mandatory for Members

▶ Updated November 2013 to require due diligence when operating in or sourcing from conflict-affected areas

RJC Chain-of-Custody: voluntary for Members

► Non-Members can also use RJC standards to develop their systems but must be RJC Members to be granted Certification

Independent third party audits are required:

- ▶ Procedures and templates in RJC Assessment Manual and Workbooks
- ► RJC review for quality control and consistency
- Audit summaries are published on RJC website
- Auditor Accreditation based on ISO 17021, with independent review

Strong focus on harmonisation with related initiatives: RJC works with closely with a range of standards and civil society programs to support work on responsible sourcing in the supply chain.

For more information visit: www.responsiblejewellery.com



World Gold Council: Conflict Free Gold Standard

The Conflict-Free Gold Standard is a common approach by which gold producers can assess and provide assurance that their gold has been extracted in a manner that does not cause, support or benefit unlawful armed conflict or contribute to serious human rights abuses or breaches of international humanitarian law.

The Standard is:

- ► An industry-led approach to address concerns that link gold mining to the financing of armed conflict
- ▶ Endorsed by LBMA and aligns with their Responsible Gold Guidance

Context

Who is the Conflict-Free Gold Standard for?

- ► The Standard is voluntary and can be used by all entities involved in the extraction of gold
- ► The Standard applies globally

How is the Conflict-Free Gold Standard organised?

- ► There is a five-stage assessment, each laying out criteria that the company must follow:
 - Part A: Conflict Assessment
 - Part B: Company Assessment (if operating in a conflict-affected or high-risk area)
 - Part C: Commodity Assessment (if operating in a conflict-affected or high-risk area)
 - · Part D: Externally Sourced Gold
 - Part E: Management Statement of Conformance

Structure

What disclosure and external assurance is required?

- ► Conforming companies should publicly disclose their "Conflict-Free Gold Report" and have this externally assured. This should be done at least annually and cover activities over a 12 month period
- ► Companies can identify suitable external assurance providers, who need to meet the criteria contained in the Standard. The World Gold Council is not acting as a certifying body

What documentation is available to support implementation?

- ► Guidance for implementing companies
- ► Guidance for assurance providers

For more information visit: www.gold.org



Fairtrade International's Standard for Gold and Associated Precious Metals

The Fairtrade Standard for Gold and Associated Precious Metals for Artisanal and Small-scale Mining certifies artisanal and small-scale mining organisations (ASMOs) that comply with social, environmental, labour and traceability requirements.

The objective of the standard is to formalise the artisanal and small-scale mining (ASM) sector in line with the core Fairtrade values of empowering producers and their communities through trade.

The standard:

- ► Promotes improved working conditions, environmental management, social security, gender equality, child protection and the rights of young people, fair market access, benefits to local communities in mineral rich ecosystems and improved governance to this sector.
- ▶ Offers international buyers a traceable and audited chain of custody for responsibly mined gold with third-party assurance and an internationally recognised consumer certification Mark.
- ► Is independently audited by FLOCERT. ASMOs are audited yearly to ensure ongoing compliance and ensure progression through developmental requirements. Supply chain actors are audited every 1-3 years.
- ► Has been developed through multi-stakeholder processes in over twenty countries across five continents, and with more than three-hundred stakeholders including artisanal and small-scale miners, governments, non-governmental organisations, expert consultants, traders, jewellery firms, mining and jewellery industry, consumers and researchers.

Business options:

- ► Fairtrade Licensees are licensed to stamp the FAIRTRADE Mark in their product. This option is suited to companies that wish to offer their customers full physical and documentary traceability from certified mine to consumer.
- ► Fairtrade Registered Goldsmiths are able to source certified semifinished product (sheet, wire, grain) from authorised licensees, to use in their designs without using the FAIRTRADE Mark.
- ► The Fairtrade Gold Sourcing Programme enables users with high volume demands who wish to practice responsible sourcing to source Fairtrade certified gold with physical traceability up to the point of refining.

Fairtrade International has national entities in 23 countries responsible for marketing and licensing use of the FAIRTRADE Mark in their territories. Three Producer Networks in Latin America, Africa and Asia provide support services and representation to over 1.2 million Fairtrade certified producers. Fairtrade International is a full member of the ISEAL Alliance for sustainability standards.

For more information visit: www.fairtrade.net and www.fairgold.org



mneguidelines.oecd.org/mining.htm