RESPONSIBLE
JEWELLERY
COUNCIL

Due Diligence Member Toolkit

For sourcing from conflict-affected and high-risk areas

AUGUST 2020

CODE
OF
PRACTICES

Our vision is a responsible worldwide supply chain that promotes trust in the global jewellery and watch industry.

INTRODUCTION

DUE DILIGENCE FOR SOURCING FROM CONFLICT-AFFECTED AND HIGH-RISK AREAS

This toolkit has been developed to help member companies implement the COP due diligence requirements for sourcing from conflict-affected and high-risk sources in the **diamond and coloured gemstone supply chains** (COP 7).

COP 7. DUE DILIGENCE FOR RESPONSIBLE SOURCING FROM CONFLICT-AFFECTED AND HIGH-RISK AREAS

7.1: Members in the gold, silver, PGM, diamonds and coloured gemstones supply chain shall exercise due diligence over their supply chains in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the 'OECD Guidance') or other auditable due diligence frameworks recognised by the RJC to be aligned with the OECD Guidance ('RJC-recognised due diligence frameworks'), in ways appropriate to their size and circumstances. In addition:

a. Members in the gold value chain shall implement the OECD Guidance Supplement on Gold as applicable to their operations and supply chains.

b. Members in the diamond supply chain shall implement the OECD Guidance while complying with COP 29 (Kimberley Process Certification Scheme and World Diamond Council System of Warranties).

7.2: Members shall adopt and communicate publicly and to their suppliers a supply chain policy with respect to sourcing from conflict-affected and high-risk areas. The policy shall be consistent at a minimum with Annex II of the OECD Guidance or with other RJC-recognised due diligence frameworks.

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.

This toolkit

This toolkit outlines a practical set of tools including templates, forms, and checklists to simplify the due diligence process as much as possible, particularly for small businesses. Their use is not mandatory; and members are free to adapt and tailor them to match their own business contexts, as and where needed. The toolkit is divided into five sections, mirroring the OECD's five-step framework that forms the basis for COP 7. Each section lists the sub-steps of the framework, briefly describes the task at hand and, where relevant, offers a tool to help.

The five step framework

Conducting OECD five-step framework is a process of continuous improvement. There are no requirements for members to have verified 100% of all supply chains. However, this toolkit establishes a minimum criteria that all members must comply with and do so on a continuous basis. We expect members to have conducted reasonable attempts when verifying their supply chain information.

Establish management systems | **Identify and assess risk** | **Risk management** | **Third-party audit** | **Annual reporting**

Data sharing – Confidentiality & Aggregation

There are several points within this toolkit that require you to gather information and share this information with your customers and / or suppliers. The data shared should only allow your customers and suppliers to conduct their own due-diligence, ensuring that the materials that they are purchasing / supplying have not contributed to serious human rights abuses or a conflict affected or high risk area. Data sharing requirements may vary depending on your own circumstances.

Data sharing can be done on an aggregated and / or confidential basis and should not impact your business relationships. Members should strive to be as open and transparent as possible and the sharing of data should be a key component of this approach.

Application of supporting tools

Below is the table of tools within this document. This table demonstrates which element is required for compliance with COP 7 and which can be a supplementary tool to assist members with ensuring a thorough due-diligence mechanism is established.

TOOL NUMBER	DIAMONDS & COLOURED GEMSTONE
1A.1	Mandatory
1A.2	Optional
1B.1	Mandatory
1C.1	Mandatory
1C.2	Mandatory
1D.1	Optional
1D.2	Optional
1E.1	Mandatory
2.1	Mandatory
2.2	Optional
2.3	Mandatory
2.4	Mandatory
3.1	Mandatory
3.2	Mandatory
5.1	Mandatory

The objective of OECD due diligence is to help companies respect human rights and avoid contributing to conflict through their sourcing practices.

Glossary

TERM	DEFINITION
CONFLICT-AFFECTED AND HIGH-RISK AREAS (CAHRAS)	Areas 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 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 often characterised as areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law. A CAHRA can be a region, a country, an area within a country or an area that crosses one or more national boundaries. Operations are not necessarily complicit in conflict if they are located in a CAHRA. A high-risk activity is associated with extracting, trading, handling and exporting minerals and gemstones from conflict-affected and high-risk areas. It is possible to source from a CAHRA pending appropriate due diligence is implemented.
CONFLICT DIAMONDS	Rough diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments, as described by the UN Security Council (UNSC) and as recognised by the UN General Assembly (through resolution A/RES/55/56).[1]
CONTROL POINTS	(Also known as 'choke points') are stages in the supply chain with generally higher visibility and control over upstream stages. Where identified, they become a key focus area for the collection and sharing of information on the circumstances of upstream production and trade.
DOWNSTREAM DIAMOND/COLOURED GEMSTONE COMPANIES	Include jewellery manufacturers and retailers.
MIDSTREAM DIAMOND/COLOURED GEMSTONE COMPANIES	Include international rough stone traders, cutters and polishers, bourses and exchanges, and polished stone traders.
ORIGIN	The origin of minerals is the mine, country, region or company where material was extracted.
RED FLAG	A red flag is a warning or an indicator of a potential risk or problem (threat). In the context of due diligence a red flag can be a location, supplier, or circumstance that triggers a need for enhanced due diligence (i.e. further investigation). When a re flag is identified, it is necessary to do further investigation on the matter.

1. UN General Assembly. The role of diamonds in fuelling conflict: breaking the link between the illicit transaction of rough diamonds and armed conflict as a contribution to prevention and settlement of conflicts. (2001) https://undocs.org/en/A/RES/55/56

TERM	DEFINITION
REASONABLE	To be objectively determined by members and auditors. Reasonable is contextually defined by having regard to the nature and purpose of what is being done, to the circumstances of what has been done and to any relevant restrictions and constraints.
RISK	The potential for adverse impacts which result from a company's own activities or its relationships with third parties, including suppliers and other entities in the supply chain. In the context of due diligence high risk relates to the potential for: 1. Serious abuses associated with the extraction, transport or trade (including: any forms of torture, cruel, inhuman or degrading treatment; any forms of forced or compulsory labour; the worst forms of child labour; other gross human rights violations and abuses such as widespread sexual violence; and war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide) 2. Direct or indirect support to non-state armed groups 3. Direct or indirect support to public or private security forces, engaged in illegal mining and/or profiteering from it 4. Bribery and fraudulent misrepresentation of the origin of minerals 5. Money laundering and non-payment of taxes and royalties due to governments.
RISK-BASED DUE DILIGENCE	A level of supply chain scrutiny that is commensurate with the identification of real or potential risks.
SOURCE	The **source** of material can be mined, recycled, or grandfathered (material / products in stock which was purchased prior to April 2019). The source of extracted material is: • For diamonds/coloured gemstones: the furthest upstream point in the known supply chain. (i.e. the mine of origin / place of extraction and producing company if possible, otherwise the further upstream entity (e.g. rough stone trader)
UPSTREAM DIAMOND/COLOURED GEMSTONE COMPANIES	Includes miners / producers, domestic collectors and traders, rough stone exporters and importers.

Using the framework

The flowchart below is a guide of how the steps feed into each other.

Guide implementation timeframes

The below table is a guide of how long it should take for a company to implement each step of OECD due-diligence. Members will find that their own timeframes will differ from the below table based on your company structure, supply chain complexity and human resource capacity. This table is only a guide and should not be considered an expectation or requirement for compliance.

STEP 1	Establish management systems	12-26 WEEKS
STEP 2	Identify and assess risk	2* WEEKS
STEP 3	Risk management	4-6 WEEKS
STEP 4	Third-party audit	12-16 WEEKS
STEP 5	Annual reporting	16-20 WEEKS

*Recommended timeframes are for initial reviews, these activities should be conducted as/when necessary.

STEP 1
Establish strong company management systems

This step builds the foundation for carrying out effective due diligence activities.

1A: Adopt and communicate a supply chain policy[2]

The policy must make clear your position on: -

- sourcing diamonds/coloured gemstones from Conflict-Affected and High-Risk Areas (CAHRAs) and:
- at a minimum, address each of the risks associated with CAHRAs as per Annex II of the OECD Guidance.

Tool 1A.1 provides a checklist of key action points you should address for establishing and communicating your supply chain policy. **Tool 1A.2** offers a template for such a policy. It has been adapted from Annex II of the OECD Guidance, and you can further tailor it to meet your own contexts and circumstances, as appropriate.

2. See page 55 of the 2019 COP Guidance document for detailed implementation guidance.

CHECKLIST

TOOL 1A.1: CHECKLIST FOR ESTABLISHING AND COMMUNICATING A SUPPLY CHAIN POLICY

Is the policy consistent with the requirements of the COP standard? • Make sure, as a minimum, it covers all risks from Annex II of the OECD Guidance: - Serious human rights abuses associated with the extraction, trade and transport of minerals; - Direct or indirect support to non-state armed groups; - Direct or indirect support to public or private security forces who illegally control mine sites, transport routes and upstream actors; - Bribery and fraudulent misrepresentation of the origin of materials, or taxes, fees and royalties paid to governments. • Include a commitment in the policy to the 5 due diligence steps outlined in the OECD Guidance.	☐
Is the supply chain policy documented? • The policy should be written down. • Include an effective date for the policy. • Ensure that you have a process for keeping the policy up to date (e.g. it's reviewed if there is a change in your sourcing practices).	☐
Is the supply chain policy publicly available? • Can all interested parties (business partners, consumers, other external stakeholders) access your policy easily? • If you have a website, is the policy posted there? • Do employees working with suppliers and buyers have access to it? • Are there examples of you having shared it with stakeholders?	☐
Have you communicated the policy internally? • Is it endorsed at the highest level of your organisation? • Have you identified which of your employees needs to understand it and ensured they do so (e.g., via internal communications, training) ? • Have you set out when to review this policy to ensure it is up to date?	☐
Have you integrated/referenced the supply chain policy into relevant supplier contracts and agreements? • Do you have examples of including this in contracts?	☐

TOOL 1A.2: SUPPLY CHAIN POLICY TEMPLATE

FIND THIS IN YOUR TOOLKIT:

1A.2 Supply chain policy template

1. [Company name] is a [brief description of the company]. This policy confirms [company name]'s commitment to respect human rights, avoid contributing to the finance of conflict and comply with all relevant UN sanctions, resolutions and laws.

2. [Company name] is a certified member of the Responsible Jewellery Council (RJC). As such, we commit to proving, through independent third-party verification, that we:

   a. respect human rights according to the Universal Declaration of Human Rights and International Labour Organization Fundamental Rights at Work;

   b. do not engage in or tolerate bribery, corruption, money laundering or finance of terrorism;

   c. support transparency of government payments and rights-compatible security
   forces in the extractives industry;

   d. do not provide direct or indirect support to illegal armed groups; and

   e. enable stakeholders to voice concerns about the jewellery supply chain.

   f. are implementing the OECD 5-Step framework as a management process for risk based due diligence for responsible supply chains of minerals from conflict-affected and high-risk areas.

3. **We also commit to using our influence to prevent abuses by others.** [Here you can choose to include a brief description of how you will consider and address the risks of non-compliance by your suppliers. Also consider including information about your complaints mechanism for interested parties to voice concerns about materials from CAHRAs.]

4. **Regarding serious abuses associated with the extraction, transport or trade of diamonds/coloured gemstones:**

   We will neither tolerate nor profit from, contribute to, assist or facilitate the commission of:

   a. torture, cruel, inhuman and degrading treatment;

   b. forced or compulsory labour;

   c. the worst forms of child labour;

   d. human rights violations and abuses; or

   e. war crimes, violations of international humanitarian law, crimes against humanity or genocide.

5. We will immediately stop engaging with upstream suppliers if we find a reasonable risk that they are committing abuses described in 4 or are sourcing from, or linked to, any party committing these abuses.

6. **Regarding direct or indirect support to non-state armed groups:**

   We only sell or purchase diamonds/coloured gemstones that are fully compliant with the Kimberley Process Certification Scheme and, as such, will not tolerate direct or indirect support to non-state armed groups, including, but not limited to, procuring diamonds/coloured gemstones from, making payments to, or otherwise helping or equipping non-state armed groups or their affiliates who illegally:

   a. control mine sites, transportation routes, points where diamonds/coloured gemstones are traded and upstream actors in the supply chain; or

   b. tax or extort money or diamonds/coloured gemstones at mine sites, along transportation routes or at points where diamonds/coloured gemstones are traded, or from intermediaries, export companies or international traders.

7. We will immediately stop engaging with upstream suppliers if we find a reasonable risk that they are sourcing from, or are linked to, any party providing direct or indirect support to non-state armed groups as described in paragraph 6.

8. **Regarding public or private security forces:**

   We affirm that the role of public or private security forces is to provide security to workers, facilities, equipment and property in accordance with the rule of law, including law that guarantees human rights. We will not provide direct or indirect support to public or private security forces that commit abuses described in paragraph 4 or that act illegally as described in paragraph 6.

9. **Regarding bribery and fraudulent misrepresentation of the origin of diamonds/coloured gemstones:**

   We will not offer, promise, give or demand bribes, and will resist the solicitation of bribes, to conceal or disguise the origin of diamonds/coloured gemstones, or to misrepresent taxes, fees and royalties paid to governments for the purposes of extraction, trade, handling, transport and export of diamonds.

10. **Regarding money laundering:**

    We will support and contribute to efforts to eliminate money laundering where we identify a reasonable risk resulting from, or connected to, the extraction, trade, handling, transport or export of diamonds/coloured gemstones.

Signed/endorsed:

Date of effect:

1B: Structure internal management to support supply chain due diligence[3]

You need to show you have management structures in place to embed due diligence in your day to day operations and drive it forward. Use Tool 1B.1 to check you are fully prepared.

CHECKLIST

TOOL 1B.1: CHECKLIST FOR STRUCTURING INTERNAL MANAGEMENT

Assign a suitably qualified senior staff member to lead your due diligence system Does this individual have the competence, knowledge and experience to be responsible for implementing your due diligence management system?	☐
Make the necessary resources available to support due diligence This includes allocating, where appropriate, financial resources to support due diligence; and deciding which staff from across your business should be involved (e.g. from purchasing, finance, legal, sustainability, compliance, quality, and auditing).	☐
Set up internal communications processes What is the process to report findings on actual and/or potential risks identified in the supply chain to the appointed senior manager?	☐
Establish a training programme Are all staff involved in the due diligence programme involved; is the training regularly updated as your due diligence systems evolve and mature?	☐

1C: Establish a system of controls and transparency over the diamond/coloured gemstone supply chain[4]

You need to show you have management structures in place to embed due diligence in your day to day operations and drive it forward. Use Tool 1B.1 to check you are fully prepared.

You need to gather and record information on your supply chain before you can begin assessing and responding to risks. The type of information you need to gather will vary depending on where you sit within the supply chain. Companies that operate in multiple points of the supply chain will need to ensure that they collect the correct information from applicable suppliers accordingly. For example if you have operations in the upstream and midstream segments of the supply chain, the type of information you seek from suppliers will vary. Use the column on the far right of Tool 1C.1 below to identify the information requirements for the different segments of the supply chain.

Tool 1C.1 lists examples of the types of information and documentation you should initially obtain from your suppliers and/or share with buyers.

3. See page 56 of the 2019 COP Guidance document for detailed implementation guidance
4. See pages 56-59 of the 2019 COP Guidance document for detailed implementation guidance

Tool 1C.2 serves as a template letter that midstream and downstream companies can use to request information from suppliers. Feel free to adapt it to suit your particular circumstances and materials. Alternatively, ask your suppliers for information verbally, making sure you keep written or electronic records of relevant meetings or telephone conversations.

CHECKLIST

TOOL 1C.1: INFORMATION CHECKLIST: TYPES OF INFORMATION TO GATHER AND RECORD (ALL SOURCES)

Example document/evidence type Information on 1, and 2 are required for all, information on 3 and 4 is only required if you are sourcing mined material, 5 and 6 for recycled and grandfathered material and 7 for all midstream/ downstream companies.		Who needs to collect
1. Supplier details, including KYC due diligence information (Also see COP 10) To be collected at the start of each new business relationship with a supplier and updated regularly. The accuracy of the information should be checked at least annually for suppliers based in low-risk jurisdictions, and at least every 6 months for suppliers based in high-risk jurisdictions. **Document examples:** • Business structure and registration documents. • Completed KYC questionnaires. • Records of checks against relevant government lists for individuals or organisations implicated in money laundering, fraud or involvement with prohibited organisations and/or those financing conflict. • Copies of official government issued identification (e.g. personal identification documents for individuals and business licences, registration of tax ID number for companies).	☐ ☐ ☐ ☐	All Mining companies to provide information
2. Information on the form, type, weight and physical description of diamonds/coloured gemstones To be collected so that it covers all supplies from a given supplier over a given time period, for example via a contract or per parcel. **Document examples:** • Invoices and sales documentation. • Other inventory documentation. • Gemmological laboratory reports and/or certificates (polished stones only).	☐ ☐ ☐	All Mining companies to provide information

3. Source of extracted rough diamonds/coloured gemstones To be shared/collected on a risk-based frequency. For example, much of this can be collected only once if buying from an established supplier and only updated when there are changes to the circumstances of the supplier, or something is flagged as part of your risk assessment, or as per your normal review procedure.		**Upstream companies**
Miners to share with buyers		
Document examples:		
• Mining licences	☐	
• Transport documentation (per parcel/consignment) (Optional if purchasing from ASM)	☐	
• Evidence of participation in relevant responsible sourcing initiatives (Optional if purchasing from ASM)	☐	
Other upstream actors to gather and share with buyers		
Document examples:		
• Some/all of the above from miners	☐	
• Official country of origin certificate/KPCS certificate (available to importers)	☐	
• Exporter records (per parcel/consignment)	☐	
• Contract and/or invoices showing mine and/or company name of furthest upstream supplier (per parcel/consignment)	☐	

Note: You should be looking to identify the **furthest upstream source** of diamonds/coloured gemstones in your supply chain (i.e. the mine of origin and producing company if possible, otherwise the furthest upstream entity). Upstream actors that sell rough diamonds/coloured gemstones from mixed sources should provide as much information as possible to buyers (e.g. a list of the mines, companies, areas/countries of origin, supported by some of the documentation shown above where available).

Where information on the source of diamonds/coloured gemstones is limited or unavailable, you should adopt the '**comply or explain**' approach where you explain and document the steps you've taken to seek information and your plans to improve your data over time.

Conflict-affected and high-risk areas (CAHRAs) 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 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 characterised by widespread human rights abuses and violations of national or international law. A CAHRA can be a region, a country, an area within a country or an area that crosses one or more national boundaries. Operations are not necessarily complicit in conflict if they are located in a CAHRA.

4. Source of mined rough and polished diamonds/coloured gemstones To be shared/collected so that information on supplies is always up to date. Information provided by established suppliers should be updated at least annually for diamonds/gemstones that originate from low-risk areas, and at least every 6 months where diamonds/coloured gemstones originate from high-risk areas. **Document examples:** • List of countries, areas, producing companies where diamonds/coloured gemstones originate.	☐	**Midstream and downstream companies**

Note: You should be looking to identify the furthest upstream source of diamonds/coloured gemstones in your supply chain (i.e. the mine of origin and producing company if possible ,otherwise the furthest upstream entity such as a rough stone trader). Ask your suppliers to provide you with a list of sources, and where applicable, request copies of relevant documentation and evidence to verify this (as shown above).

Where information on the source of diamonds/coloured gemstones is limited or unavailable, adopt the 'comply or explain' approach (see above).

Conflict-affected and high-risk areas (CAHRAs) 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 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 characterised by widespread human rights abuses and violations of national or international law. A CAHRA can be a region, a country, an area within a country or an area that crosses one or more national boundaries. Operations are not necessarily complicit in conflict if they are located in a CAHRA.

5. Recycled polished diamonds/coloured gemstones To be collected so that it covers all supplies from a given supplier over a given time period. **Document examples:** • Invoices and sales documentation identifying the point at which the diamond/coloured gemstones are returned into the jewellery supply chain (e.g. invoice showing that stones were bought from privately owned jewellery).	☐	**Midstream and downstream companies**

Note: Recycled diamonds/coloured gemstones are stones that had a prior use and have since re-entered the jewellery supply chain. A jewellery company may purchase second-hand jewellery from the public and resell the item directly, or, break up the item and sell the stones individually, maybe re-cutting and polishing them prior to sale. In such cases it is not necessary to identify the extraction source, but you should obtain adequate documentation and evidence that the stones are recycled and not 'freshly mined' stones falsely represented as recycled ones.

6. Grandfathered rough and polished diamonds/coloured gemstones To be collected so that it covers all supplies from a given supplier over a given time period. **Document examples:** • Invoices and sales documentation to verify that existing stocks of diamonds/coloured gemstones were purchased before the effective date of the 2019 COP.	☐	**All companies**

Note: Information on the original source is not required on stones purchased prior to the effective date of the 2019 COP, unless there is reasonable evidence to suspect they were extracted after this date.

7. Evidence of due diligence carried out by upstream suppliers To be collected only as often as needed to ensure that your information remains applicable and current. Update whenever your suppliers changes their sourcing and request a routine update at least once a year. **Document examples on the supplier (not all required):**		**Midstream and downstream companies**
• Supplier supply chain policy.	☐	
• Risk assessment documentation.	☐	
• Evidence of audits carried out in conformance with the OECD Guidance, covering the sourcing practices of red-flag suppliers.	☐	
• Evidence of supplier participation in relevant industry programmes and initiatives e.g. the Maendeleo Diamonds Standards certification process, Mano River Union Cross-Border Initiative, RJC certification.	☐	

TOOL 1C.2: EXAMPLE REQUEST FOR INFORMATION TEMPLATE

FIND THIS IN YOUR TOOLKIT:

1C.2 Example request for information template

Dear [insert recipient's name]

I am writing to inform you that as a member of the Responsible Jewellery Council (RJC), [insert company name] is required to carry out due diligence on our supply chain to ensure that we source diamonds/coloured gemstones responsibly, in a way that respects human rights and does not contribute to conflict.

As part of our commitment to responsible sourcing, we are now working with our suppliers to understand their sources of supply and due diligence procedures for managing risks in their supply chain.

To fulfil our obligations, we ask that you share the following information with us (where available) by [date]:

1. The sources of diamonds/coloured gemstones, in aggregate, that you supply to our company. This is specifically the furthest upstream point in the supply chain that the diamonds/coloured gemstones can be identified as originating from e.g. company, mine or specific geographical area of production.

2. List the percentage of diamonds/coloured gemstones that you supply to us that fall into the following categories:

   a. Rough/polished diamonds/coloured gemstones from known large-scale mining or artisanal and small-scale mining producers that provide information on the original source of production (e.g. company, mine or specific geographical area of production is known).

   b. Rough/polished diamonds/coloured gemstones from established suppliers or open market where there is some, but limited, information on the original source of production (e.g. country of origin is known).

   c. Rough/polished diamonds/coloured gemstones from established suppliers or open market where there is no information available on the original source of production.

3. Evidence that you have undertaken due diligence on the source of diamonds/coloured gemstones supplied to our company. This could include, for example, copies of any supply chain risk assessments, reports or audits you have done, copies of any company policies you have on responsible sourcing, evidence of participation in responsible sourcing initiatives or programmes.

If you are not in a position to share such information for whatever reason, we will be happy to discuss this with you and find a solution that addresses your concerns and still satisfies our needs.

If you would like to learn more about responsible supply chains or minerals from conflict-affected and high-risks areas, please visit: **www.oecd.org/fr/daf/inv/mne/mining.htm.**

Feel free to contact me at [insert telephone number] or alternatively at [insert email address].

Regards,

[insert name and signature]

Note: You may wish to include the questions above in a standardised form that the supplier can complete and return to you.

1D: Strengthen company engagement with suppliers[5]

Building strong relationships with suppliers is important as you may need to work with them over time to gather the information you need. You should keep records of your engagement with suppliers as this will help you to keep track of any actions or follow up that may be required. RJC auditors will also seek evidence that you are actively communicating your due diligence expectations to suppliers. Tool 1D.1 provides a list of the types of records you should keep. Tool 1D.2 provides an example provision that you can include in commercial contracts/written agreements with suppliers.

CHECKLIST

TOOL 1D.1: EXAMPLES OF ENGAGEMENT WITH SUPPLIERS TO DOCUMENT

Meeting summary notes and actions, visit reports	☐
Correspondence sent to, and received from, suppliers (relevant to due diligence)	☐
Completed supplier questionnaires	☐
Written agreements and plans with suppliers (e.g. documented improvement plans)	☐

FIND THIS IN YOUR TOOLKIT:

1D.2 Example clause contracts agreements with suppliers

TOOL 1D.2: EXAMPLE CLAUSE TO INCLUDE IN WRITTEN CONTRACTS AND AGREEMENTS WITH SUPPLIERS

"[Name of supplier] commits to take reasonable steps to ensure that all diamonds/coloured gemstones are supplied in accordance with [your company name]'s policy on responsible sourcing from Conflict-Affected and High-Risk Areas"

1E: Establish a complaints or grievance mechanism[6]

You need a grievance mechanism that both allows people (inside and outside your business) to raise concerns about your supply chain; and enables you to identify and react to issues in your supply chain that could otherwise go unnoticed.

Use Tool 1E.1 to establish an effective grievance mechanism based on a simple procedure that is particularly well-suited to small businesses. Feel free to modify the example to suit your own business.

5. See page 59 of the 2019 COP Guidance document for detailed implementation guidance.
6. See page 60 of the 2019 COP Guidance document for detailed implementation guidance.

TOOL 1E.1: EXAMPLE GRIEVANCE MECHANISM

FIND THIS IN YOUR TOOLKIT:

1E.1 Example grievance mechanism

[Insert company name] has established this grievance procedure to hear concerns about circumstances in the supply chain involving diamonds/coloured gemstones from conflict-affected and high-risk areas.

[Name of senior manager] is responsible for implementing and reviewing this procedure.

Concerns can be raised by interested parties via email or telephone to:

[Name]

[Telephone]

[Mobile phone]

[Email address]

On receiving a complaint, we will aim to:

- Get an accurate report of the complaint.
- Explain our complaint procedure.
- Find out how the complainant would like it addressed/resolved.
- Assess the eligibility of the complaint and, where applicable, decide who should handle it internally. In cases where we are unable to address the complaint internally (e.g. where our company is too far removed from the origin of the issue raised in the complaint), we may redirect it to a more appropriate entity or institution, such as the relevant supplier or industry body.
- Where the issue can be handled internally, seek further information where possible and appropriate.
- Identify any actions we should take including hearing from all parties concerned, and monitoring the situation.
- Advise the complainant of our decisions or outcomes.
- Keep records on complaints received and the internal process followed, for at least five years.

Signed/endorsed:

Date of effect:

WELL DONE ON COMPLETING STEP 1

This is a journey of continuous improvement and you're on the road.

STEP 2
Identify and assess risks in the supply chain

Identification of CAHRAs[7]

Step 2 of the OECD Guidance is focussed on the identification and assessment of risks related to the extraction, consolidation, trading, transport and export of minerals from CAHRAs. To do this, companies will first need to determine if any of the diamonds/coloured gemstones in their supply chain originate from or are transported through a CAHRA. Tool 2.1 provides a snapshot of the key characteristics of a CAHRA and Tool 2.2 offers a list of publicly accessible useful resources that you can use to identify any CAHRAs in your supply chain.

7. See page 61 of the 2019 COP Guidance document for detailed implementation guidance

RESOURCE

TOOL 2.1: CAHRA SNAPSHOT

A CAHRA is marked by:

Conflict

Areas in a state of conflict, including armed aggression

- International conflict
- Wars of liberation or insurgencies
- Civil wars
- Any other armed aggression

Governance

Areas with weak or no governance or security.

- Political instability or repression
- Institutional weakness
- Insecurity
- Collapse of civil infrastructure
- Widespread violence

Human Rights

Areas with widespread human rights abuses and violations of law.

- Torture, cruel and degrading treatment
- Forced and child labour
- Widespread sexual violence
- War crimes
- Crimes against humanity
- Genocide

RESOURCE

TOOL 2.2: LIST OF RESOURCES FOR IDENTIFYING CAHRAs

Heidelberg Conflict Barometer http://www.hiik.de/?lang=en/	Analysis of the most recent global conflict events in the form of texts and graphics; separate regional and individual country chapters.
Geneva Academy Rule of Law in Armed Conflicts http://www.rulac.org/	Database and analysis reporting on the implementation of international law in armed conflicts around the world (global coverage and brief overviews).
Assessment Capacities Project — Global Emergency Overview https://www.acaps.org/countries/	World map and country specific analysis providing overview and analysis of countries in 'situation of concern', 'humanitarian crisis', and 'severe humanitarian crisis'.
Uppsala Conflict Data Programme — Georeferenced Event Dataset http://www.ucdp.uu.se/ged/	Interactive map of events of organised violence based on news sources; including fatalities, type of violence (state-based, non-state, one-sided), the user can zoo to a level of unique events
CrisisWatch http://www.crisisgroup.org	State of play in most significant global situations of conflict/potential conflict; interactive map and database allowing to assess the situation in selected country cases 2003-2018.
Global Peace Index http://www.visionofhumanity.org	Interactive map that measures global peace according to qualitative and quantitative indicators (security officers and police, political instability, organised conflict, armed services personnel, etc.).
Major Episodes of Political Violence http://www.systemicpeace.org	Maps and tables listing e.g. episodes of armed conflict (including casualties) in the world from 1946-2017.
Armed Conflict Location and Event Data http://www.acleddata.com/	Conflict trend reports and analysis including monthly updates on political violence in Africa, Middle East and Asia based on real-time data, and analysing current and historical dynamics in specific states.
International Peace Information Service — Conflict Mapping http://ipisresearch.be/	Maps of Democratic Republic of Congo, Central African Republic, Sudan-South Sudan (contested areas, incidents, natural resources, education, community violence, intrastate and interstate violence); analysis of maps is provided.

Mining Conflicts in Latin America http://ejatlas.org/featured/mining-latam	The environmental justice atlas documents and catalogues social conflict around environmental issues for contextual information.
Worldwide Governance Indicators http://info.worldbank.org/governance/wgi	Dataset of updated aggregate and individual governance indicators for specific countries, six dimensions of governance; country data reports summarise indicators per country.
Fragile States Index https://fragilestatesindex.org/	Index focusing on indicators of risk, based on news articles and reports.
Corruption Perception Index http://www.transparency.org/research/cpi/overview	Index of the perceived corruption in countries.
National Resource Governance Institute https://resourcegovernance.org/	Country specific information and comparative analysis on issues relating to governance of natural resources.
United Nations Security Council Resolutions (UNSC) https://www.un.org/securitycouncil/content/resolutions-0	UNSC Resolutions provide a useful description of the political and security situation in countries of concern on an annual basis.
United Nations Human Rights Council http://www.ohchr.org/EN/HRBodies/HRC/Pages/AboutCouncil.aspx	Universal, periodic reviews.
Office of the United Nations High Commissioner for Human Rights http://www.ohchr.org/EN/pages/home.aspx	Country specific information on human rights issues.
United Nations Development Programme — International Human Development Indicators — Country Profiles http://hdr.undp.org/en/countries	Annual country reports of country-specific human rights practices, global coverage.
Global Witness https://www.globalwitness.org/en-gb/	A source of information and research on human rights issues around the globe.
Human Rights Watch https://www.hrw.org/	A source of information and research on human rights issues around the globe.

Mines and Communities http://www.minesandcommunities.org/	News articles and analyses of global mining and its impacts; classified by theme, country, company, minerals.
British Geological Survey https://www.bgs.ac.uk/mineralsuk/statistics/worldStatistics.html	Country reports on international minerals statistics and information.
U.S. Geological Survey http://minerals.usgs.gov/minerals/pubs/country/	Country reports on international minerals statistics and information.
EU Raw Materials Information System http://rmis.jrc.ec.europa.eu/	Information on production, trade flows and policy relating to raw materials.
EU Due Diligence ready https://ec.europa.eu/growth/sectors/raw-materials/due-diligence-ready_en	Information and toolkits on complying with the EU regulation on mineral importing from 2021.
International Alert, Human Rights Due Diligence in Conflict-Affected Settings: Guidance for Extractive Industries (2018) https://www.international-alert.org/publications/human-rights-due-diligence-conflict-affected-settings	Guidance on how companies can ensure respect for human rights in their operations without exacerbating or generating conflicts.
International Crisis Group – Crisis Watch Global Conflict Tracker https://www.crisisgroup.org/crisiswatch	A tool designed to help decision-makers prevent deadly violence by keeping them up-to-date with developments in over 70 conflicts and crises, identifying trends and alerting them to risks of escalation and opportunities to advance peace.
OECD Portal for Supply Chain Risk Information http://www.oecd.org/daf/inv/mne/oecd-portal-for-supply-chain-risk-information.htm	The Portal is designed to help companies understand risks in their supply chains and to prioritise those risks to enable a more efficient and effective due diligence process.

Source:
Commission Recommendation (EU) 2018/1149 of 10 August 2018 on non-binding guidelines for the identification of conflict-affected and high-risk areas and other supply chain risks under Regulation (EU) 2017/821 of the European Parliament and of the Council C/2018/5367.

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32018H1149

RED FLAG

Risk review and assessment (for red flag sources only)[8]

If you have identified a CAHRA or other 'red flag' (see COP guidance) in your supply chain, then you will need to undertake an in-depth review and assessment of potential or actual risks. For upstream companies, this means mapping the factual circumstances of all red flag supply chains which includes establishing on-the-ground assessment teams to conduct mine site visits. The Responsible Minerals Initiative (RMI) has developed a mine site questionnaire that upstream companies can use and adapt for gathering information as part of this exercise[9].

Tool 2.3 provides a list of information that should be gathered by upstream companies in addition to that listed in Tool 1C.1 when operating in, or sourcing from, red flag supply chains. Tool 2.4 additionally provides a list of information sources and types of evidence that upstream companies can use to assist them in identifying specific OECD Guidance Annex II risks.

Midstream and downstream companies should review evidence that upstream suppliers have undertaken this risk review assessment as part of their evaluation of upstream due diligence.

CHECKLIST

TOOL 2.3: INFORMATION CHECKLIST: ADDITIONAL INFORMATION FOR RED-FLAG SUPPLY CHAIN

This information is for upstream companies to gather and share with buyers.

1. The identity of all upstream suppliers and relevant service providers from the origin of diamonds/coloured gemstones. To be collected at a frequency which ensures you have up to date information on the circumstances of your red-flagged supplies. Update every time circumstances change (e.g. if ownership, corporate structure or transportation routes change). You do not need to collect this information each time you purchase diamonds/coloured gemstones when they are coming from the same supplier. **Documentation on the following:**	
• **All upstream suppliers and service providers from the original source of production.**	☐
• **The beneficial owners / ultimate beneficial owners of, individuals authorised to represent (power of attorney) all upstream suppliers and service providers (if applicable).**	☐
• **Records showing the corporate structure of all upstream suppliers and service providers.**	☐
• **Records of checks of any affiliation of the upstream suppliers or service providers with government, political parties, military, criminal networks or non-state armed groups.**	☐

8. See pages 62-63 of the 2019 COP Guidance document for detailed implementation guidance

9. Responsible Minerals Initiative (RMI): RMI Sample Mine Site Questionnaire. http://www.responsiblemineralsinitiative.org/training-and-resources/tools-corner/

2. Security, political and social context of the CAHRA. To be updated as part of your ongoing information gathering programme, e.g. when new reports are released. **Document examples** (not all required): • NGO reports • UN reports • Governance assessments • Media reports	☐ ☐ ☐ ☐
3. Further information on the source of extracted rough diamonds/ coloured gemstones from red flag supply chains To be collected at a frequency which ensures you have up to date information (examples provided below). **Document examples (not all required):** • Traceability / chain of custody reports from mine of origin • Mine production records • Geological surveys (to verify that the source of production is plausible) • On-the-ground assessment reports • Incident reports	☐ ☐ ☐ ☐ ☐
4. All taxes, royalties, fees and other payments made to government **Document examples (not all required):** • Payment invoices and records (this also applies to ASM production) • Official documentation from national / local tax authorities	☐ ☐
5. All payments made to public or private security forces or other armed groups To be collected at a frequency which ensures you have up to date information (update if circumstances change and at least annually). **Document examples (not all required):** • Payment invoices and records • Contracts with public or private security forces	☐ ☐

TOOL 2.4: SOURCES OF INFORMATION FOR IDENTIFYING OECD GUIDANCE ANNEX II RISKS

RESOURCE

Risk issues	Components	Evidence /info for company risk assessment (for upstream)
Risk of providing **"direct or indirect support" to non-state armed groups** (e.g. rebel groups). Risk of providing **"direct or indirect support" to public or private security forces** (e.g. criminal networks within the police or army units or private mine security).	**"Direct or indirect support"** includes sourcing from, making payments to or providing assistance to non-state armed groups, public or private security forces, or their affiliates, who: • illegally control mine sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain; and/or: • illegally tax or extort money or minerals at points of access to mine sites, along transportation routes or at points where minerals are traded; and/or: • illegally tax or extort intermediaries, export companies or international traders.	• Kimberley Process Certificates provides evidence that no rebel forces have benefited from rough diamond extraction, i.e. no further checks. • Check credible reports such as the Reports of the UN Group of Experts for specific regions and sanctions regimes, for example on the DRC, Cote d'Ivoire. • Reach out to civil society networks operating or based on-the-ground in/around mine of origin, the trading centers and transport routes. • Check the status of any mine sites assessed, inspected or mapped through various government, industry or multi-stakeholder initiatives. • For large-scale mining, check the company's approach to security and Human Rights. This can include compliance with Voluntary Principles on Security and Human Rights. • Undertake on-the-ground assessments to verify or complement the above research.
Risk that that you are sourcing from or that you are linked to any party committing **"serious abuses"** associated with the extraction, transport or trade of minerals.	**"Serious abuses" include:** • any forms of torture, cruel, inhumane and degrading treatment; • any forms of forced or compulsory labour; • The worst forms of child labour • other gross human rights violations and abuses such as widespread sexual violence; • war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide	• Check credible reports such as those from international organizations like OHCHR, ILO, ICRC. • Reach out to civil society networks operating or based on-the-ground (as above). • Check information on human rights abuses and support to armed groups in the reports of international and local NGOs. • For high-risk sources, undertake on-the-ground assessments to verify or complement the above work. • Analyse industry alerts.

Risk issues	Components	Evidence /info for company risk assessment (for upstream)
Risk of **inadequate, inaccurate and fraudulent traceability information.**	This may include inadequate application of chain of custody and/or traceability measures, irregularities in chain of custody and/or traceability information, or actual fraud in the chain of custody and/or traceability information.	• Undertake on-the-ground assessments to verify or complement the desk research.
Risk of **bribery**.	This may include: • Bribery of public officials to obtain favourable tax treatment or other preferential treatment or access to confidential information. • Bribery of public officials to obtain customs clearance or fraudulent information on mineral origin. • Facilitation payments to obtain export licenses or documentation • Bribery of public officials to obtain authorisations or permits. • Selling products to government agencies at an elevated price to provide public officials with a share of the profit. • Bribing public officials to ignore or avoid regulations or controls. • Providing gifts, meals and entertainment to those with whom the enterprise does business without adequate controls or records.	• Mining / supplier company anti-bribery policy • OECD Anti-Bribery country reviews, OECD Foreign Bribery Report • UNCAC and UNODC materials • International anti-corruption NGOs (e.g. Transparency International Corruption Index) • Undertake on-the-ground assessments to verify or complement the above research. • Incident reports (if available).

Risk issues	Components	Evidence /info for company risk assessment (for upstream)
Risk of **money-laundering and terrorist financing**	'Know Your Counterparty' (KYC) information as gathered for COP provision 10. See FATF typologies reports.	• UN, EU or USA sanctions regime for residence companies • Worldcheck / Bureau Van Dijk / MyKYCBank platform • FATF non-cooperative jurisdiction and country reports • National Financial Intelligence Units • International NGOs working on AML & illicit financial flows • Undertake on-the-ground assessments to verify or complement the above research. • Supplier AML policies
Risk of **tax evasion**	See OECD Base Erosion and Profit -Shifting reports.	• Documents from national / local authorities that all applicable taxes, fees and mandatory reductions have been made. • OECD tax and trade reports
Risk of **money-laundering and terrorist financing**	See FATF typologies reports.	• UN, EU or USA sanctions regime for residence companies • Worldcheck / Bureau Van Dijk • FATF non-cooperative jurisdiction and country reports • National Financial Intelligence Units • International NGOs working on AML & illicit financial flows • Undertake on-the-ground assessments to verify or complement the above research.

CONGRATULATIONS ON COMPLETING STEP 2

You are now better informed on your supply chain, which is a great accomplishment.

STEP 3
Design and implement a strategy to respond to identified risks[10]

If you have red flags in your supply chain then you need to develop a plan for managing and responding to actual or potential risks. How you decide to respond should depend on the severity of the impact identified (see COP Guidance).

Use the checklist in **Tool 3.1** to make sure your risk management plan includes all the elements you need. **Tool 3.2** provides a simple risk management plan template which companies can use and adapt to meet their own needs and circumstances.

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10. See pages 63-64 of the 2019 COP Guidance document for detailed implementation guidance

CHECKLIST FOR ALL RED FLAG SUPPLY CHAINS

TOOL 3.1: RISK MANAGEMENT TO-DO LIST

Ensure that due diligence information is kept up to date and reviewed on a regular basis • Do you have a procedure on which information you need to update, how often, and by whom in your organisation?	☐
Design measures to enhance internal systems of information collection and control • Do you have a procedure for addressing identified gaps or missing information from red flagged supplies? • Do you have an agreed and measurable improvement plan with the supplier?	☐
Decide how to respond • Do you have a consistent approach for deciding how to respond to risks? • Who in your organisation is ultimately responsible for making these decisions?	☐
Design mitigation measures for all risks or impacts that do not require termination of trade • Have you documented your risk mitigation plan(s) and does it aim to achieve significant improvement within six months? • Can you demonstrate how improvement are measured?	☐
Enhance the capacity of your red flag suppliers to carry out effective due diligence • Have you reviewed internally your ability to support your suppliers? • If you have limited leverage with your suppliers, have you considered working with other larger business partners (such as downstream customers) to achieve this?	☐
Consult affected stakeholders • Have you tried to identify any stakeholders who might support a risk mitigation plan for your red-flagged supply, or be affected by it? - If you are an upstream company you may be able to work with e.g. local civil society groups, community groups and representatives, local and national government, larger downstream business partners. - If you are a midstream/downstream company you may be able to work with e.g. larger business partners (upstream or downstream), relevant responsible sourcing initiatives/programmes, international civil society organisations.	☐
Develop and implement a monitoring and evaluation (M&E) plan • Do you have a documented plan to track the effectiveness of mitigation measures? • Is the monitoring data used to adjust the mitigation approach accordingly? • Have you put into place a timeline for achieving measurable improvement? (no more than 6 months).	☐

FIND THIS IN YOUR TOOLKIT:

3.2 Risk mitigation template

TOOL 3.2: RISK MITIGATION PLAN EXAMPLE TEMPLATE

Company Name:	Your company name
Effective date:	Start date of risk management plan
Supplier name (if applicable):	
Supplier address:	
Type of material:	e.g. rough diamonds/coloured gemstones
Type of risk:	List risk covered by Annex II of the OECD Guidance e.g. direct or indirect support to public or private security forces who illegally control mine sites, transport routes and upstream actors.
Description of risk:	Provide specific details concerning the risk covered by the risk management plan.
Risk severity:	Minor / Severe
Mitigation measures agreed:	Describe the measures that will be implemented to mitigate the risk.
Stakeholders consulted:	List all stakeholders that you have consulted.
Feedback from stakeholders:	Summarise the outcome of your engagement with relevant stakeholders e.g. who was in support for your plan, did they make recommendations to modify the plan, did any stakeholder express opposition to your proposed plans?

Review frequency:	Weekly, monthly, quarterly etc.
Plan completion date:	Within 6 months from the effective date.
Risk mitigated (yes/no):	
Summary results of mitigation plan:	Summarise the outcome of the mitigation measures including successes and challenges.
Follow up action:	This may include a decision to terminate the relationship with supplier or continue trade while implementing further mitigating measures.

STEP 3 CAN BE A CHALLENGE, BUT HARD WORK NEVER GOES UNREWARDED

STEP 4

Carry out independent third-party audit of supply chain due diligence[11]

Your due diligence practices will be audited as part of the normal COP certification process. RJC auditors will look to verify that you have made reasonable and good faith efforts to implement the requirements of COP 7 based on a continual improvement approach.

Companies operating in the diamond and/or coloured stones value chain will not be required to undergo a full audit against the COP due diligence provision immediately. The RJC will be piloting the Due Diligence Toolkit for three years and during this period audits shall be phased-in as follows for COP certification or re-certification:

11. See page 64 of the 2019 COP Guidance document for detailed implementation guidance

All companies must implement this mandatory requirement of the COP. The RJC will be piloting the Due Diligence Toolkit for three years for companies in the diamond and/or coloured gemstones value chain and during this period conformance assessment with the COP shall be phased in. Members scheduled for COP certification or recertification shall:

- Between 23 April 2019 and 22 April 2020: have the option to use the 2013 or new version of the COP for auditing. If choosing to certify against the new version of the COP, members shall be assessed for conformance with the following elements of Step 1 of the OECD Guidance:
  - having a supply chain policy; and
  - assigning responsibility to someone who will lead the development of relevant management systems.
- Between 23 April 2020 and 22 April 2021: be assessed for conformance with the following elements of Step 1, Step 2 and Step 5 of the OECD Guidance:
  - having a supply chain policy and responsible person (as above);
  - preliminary supply chain mapping and scoping efforts (for example, identifying and starting to engage with key suppliers); and
  - publicly reporting progress on due diligence efforts covering all elements covered above.

Between 23 April 2021 and 22 April 2022: the findings of the pilot projects will be used to evaluate the COP, guidance, audit approach and any related RJC tools as necessary. At the conclusion of the review and release of updated RJC documents, members undergoing certification and recertification audits shall be assessed for conformance with Steps 1–5 of the OECD Guidance. The findings of the pilot projects are essential and will support the RJC in evaluating this guidance and supporting tools as necessary.

YOU'RE NEARLY THERE, SUPERB WORK ON COMPLETING STEP 4

STEP 5
Report on supply chain due diligence

Regardless of whether you have red flags in your supply chains or not, you must report on your due diligence efforts at least once a year to reassure customers, investors and other stakeholders that you are sourcing diamonds/coloured gemstones using a due diligence approach that is aligned with the OECD Guidance.

You can develop the report as part of COP 3 Reporting, and it should be made publicly available. If you have a website, you should upload it there. If you do not have a website, then ensure that you communicate to stakeholders that it is available by other means such as having printed copies available at your premises or upon request via email.

Although reporting is an annual requirement, if you are going to undergo your first RJC audit before a year of conducting OECD based due-diligence you must produce a report of your activities to date for the auditor to review. It is very important to complete step 5, this is a mandatory component of OECD based due-diligence.

Use **Tool 5.1** to make sure you include all the information you need to show you are following the OECD's five-step framework for due diligence.

[11] See page 64 of the 2019 COP Guidance document for detailed implementation guidance

CHECKLIST

TOOL 5.1: ANNUAL REPORTING TEMPLATE - CHECKLIST

Company Name:	
Date:	
Reporting period:	

OECD DUE DILIGENCE GUIDANCE	ACTION TAKEN
Step 1: Establish strong company management systems	
1.A Adopt, and clearly communicate to suppliers and the public, a company policy for the supply chain of minerals originating from conflict-affected and high-risk areas.	Includes details about your policies, and how it is communicated to suppliers and other stakeholders.
1.B Structure internal management systems to support supply chain due diligence.	Describe how you have structured internal management and other segments of your business to support due diligence and who is the individual responsible for due diligence.
1.C Establish a system of controls and transparency over the minerals supply chain.	Describe your approach for identifying suppliers and sources of your diamonds/coloured gemstones and how this has strengthened your due-diligence efforts, and for record keeping.
1.D Strengthen company engagement with suppliers.	Describe the steps you have taken to strengthen engagement with suppliers to e.g. establishing long-term relationships, communicating your expectations and helping suppliers to build capacity for due diligence.
1.E Establish a company-level, or industry wide, grievance mechanism as an early warning risk-awareness system.	Provide details of your grievance mechanism, including where it can be accessed and who is responsible for it.

Step 2: Identify and assess risk in the supply chain	
Identify and assess risks in the supply chain and assess risks of adverse impacts.	Describe how you have assessed the risks of your upstream suppliers (discovered during your due-diligence activities) and disclose any actual or potential risks or impacts you have identified. Describe how you have assessed your suppliers due-diligence practices. You do not need to disclose the names of specific suppliers here but rather the overall risks. For example, "we have identified a risk of child labour related to 3 suppliers sourcing from country X".

Step 3: Design and implement a strategy to respond to identified risks (if applicable)	
Report findings of the supply chain risk assessment to the designated senior management of the company.	Say who in your company receives the findings of risk assessments (provide position titles e.g. Managing Director).
Devise and adopt a risk management plan.	Describe the steps you have taken to design and implement a strategy to respond to the risks and impacts identified.
Implement the risk management plan and monitor performance of risk mitigation efforts.	Disclose your efforts to monitor and track the effectiveness of your mitigation measures, including the results of your follow-up activities after six months to evaluate significant and measurable improvement.
Internal training	Include the detail of any applicable training provided to staff or contractors.
Communications	Describe how you engage with stakeholders on your due-diligence activities.

OPTIONAL INFORMATION ON Step 4: Carry out independent third-party audit	
RJC COP audit	Consider including a summary of your RJC COP audit, including the date of the audit, the audit activities and methodology and the findings.
Grievances and remediation	Detail a summary of any grievances received and how you handled them.

CONGRATULATIONS! YOU HAVE COMPLETED STEP 5 AND HAVE COMPLETED THE OECD TOOLKIT

Remember that you need to review all of the 5 steps on at least an annual basis or sooner if necessary.

The framework cycle

OECD Guidance provides companies with a complete package to source responsibly in order for trade to support peace and development and not conflict.

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