



Responsible Business Alliance

Advancing Sustainability Globally

PRACTICAL GUIDE

TO IMPLEMENTING RESPONSIBLE BUSINESS CONDUCT DUE DILIGENCE IN SUPPLY CHAINS

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I. SUMMARY

There is a growing expectation for companies to respect human rights, labor rights, the environment and business ethics in their operations and throughout their supply chains. These expectations are reflected in international frameworks on responsible business conduct as well as national legislation to address serious harms such as forced labor. Customers, businesses, investors and the general public are also demanding that companies take steps to prevent adverse impacts and mitigate harms linked to their business operations and supply chains.

The Responsible Business Alliance (RBA) helps member companies drive meaningful change in responsible business conduct and supply chain due diligence across tiers of supply chains in different sectors. RBA membership¹ reflects the complexity, breadth and power of integrated supply chains, including companies in industry sectors such as electronics, retail, auto and toys.

Supply chains are extremely complex. Most companies have hundreds of customers and suppliers and suppliers typically provide services to more than one industry sector. While policy makers have taken steps to try to harmonize standards, the proliferation of frameworks and regulations related to supply chain due diligence results in a daunting challenge for many companies. There is an urgent need for clarity on how companies can operationalize international recommendations and regulations into their supply chains and meet national and international expectations on responsible business conduct.

This *RBA Practical Guide to Implementing Responsible Business Conduct Due Diligence in Supply Chains (Practical Guide)* provides an overview of the major standards on responsible business conduct and demonstrates how RBA tools, best practices, initiatives and services can help² companies operationalize and live into international supply chain due diligence expectations.

This Practical Guide is a “living document,” which will be periodically updated to reflect evolving responsible business expectations, stakeholder and member feedback, emerging best practices, new legislative requirements, and revised RBA tools and programs.

1 As of May 2018, the RBA has more than 120 member companies with combined annual revenue of over \$5 trillion, directly employing more than 6 million people. More than 3.5 million people from over 120 countries contribute to the manufacture of RBA members’ products.

2 RBA tools and programs are meant to complement and enhance company due diligence actions and can drive maximum leverage by using common, harmonized approaches across sectors.

II. MAKING SENSE OF INTERNATIONAL FRAMEWORKS AND DRIVERS OF RESPONSIBLE BUSINESS CONDUCT

International frameworks such as the [UN Guiding Principles on Business and Human Rights](#) (UNGPs), the [ILO Declaration on Fundamental Principles and Rights at Work](#) and the [ILO Tri-Partite Declaration of Principles Concerning Multinational Enterprises and Social Policy](#) (together, the ILO Declarations), and the [OECD Guidelines for Multinational Enterprises](#) (OECD MNE Guidelines) provide high-level principles on what is expected of companies in terms of responsible business conduct. These standards crystalize expectations on companies' responsibility to identify risks³, prevent, address, mitigate actual and potential adverse impacts in their supply chains and, where appropriate, provide some form of remedy. In addition to these international standards, a number of countries⁴ have enacted or are in the process of enacting legislation to further promote and drive business uptake of responsible business conduct.

Across all of these standards and frameworks, supply chain due diligence is recommended as the process by which companies can identify, prevent, address and/or mitigate adverse impacts in their supply chains. This concept of supply chain due diligence is further elaborated in the recently released [OECD Due Diligence Guidance for Responsible Business Conduct](#) (OECD RBC Guidance)⁵, which provides an overarching framework for supply chain due diligence that aims to help companies understand and implement due diligence recommendations into their operations, supply

3 Risks are the likelihood of adverse impacts on people, the environment and society that enterprises cause, contribute or are linked to.

4 See Annex for examples and descriptions of various existing and pending national legislation on reporting, due diligence, modern slavery and conflict minerals.

5 The OECD has also published due diligence guidances for specific sectors and supply chains, namely: minerals; agriculture; garment and footwear; extractives; and finance. These sector guidances provide more detail and context for companies in specific supply chains. The *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (OECD Minerals Guidance) is an example, and is used by RMI in the development of RLI tools and services for members. See <http://mneguidelines.oecd.org/duediligence/>

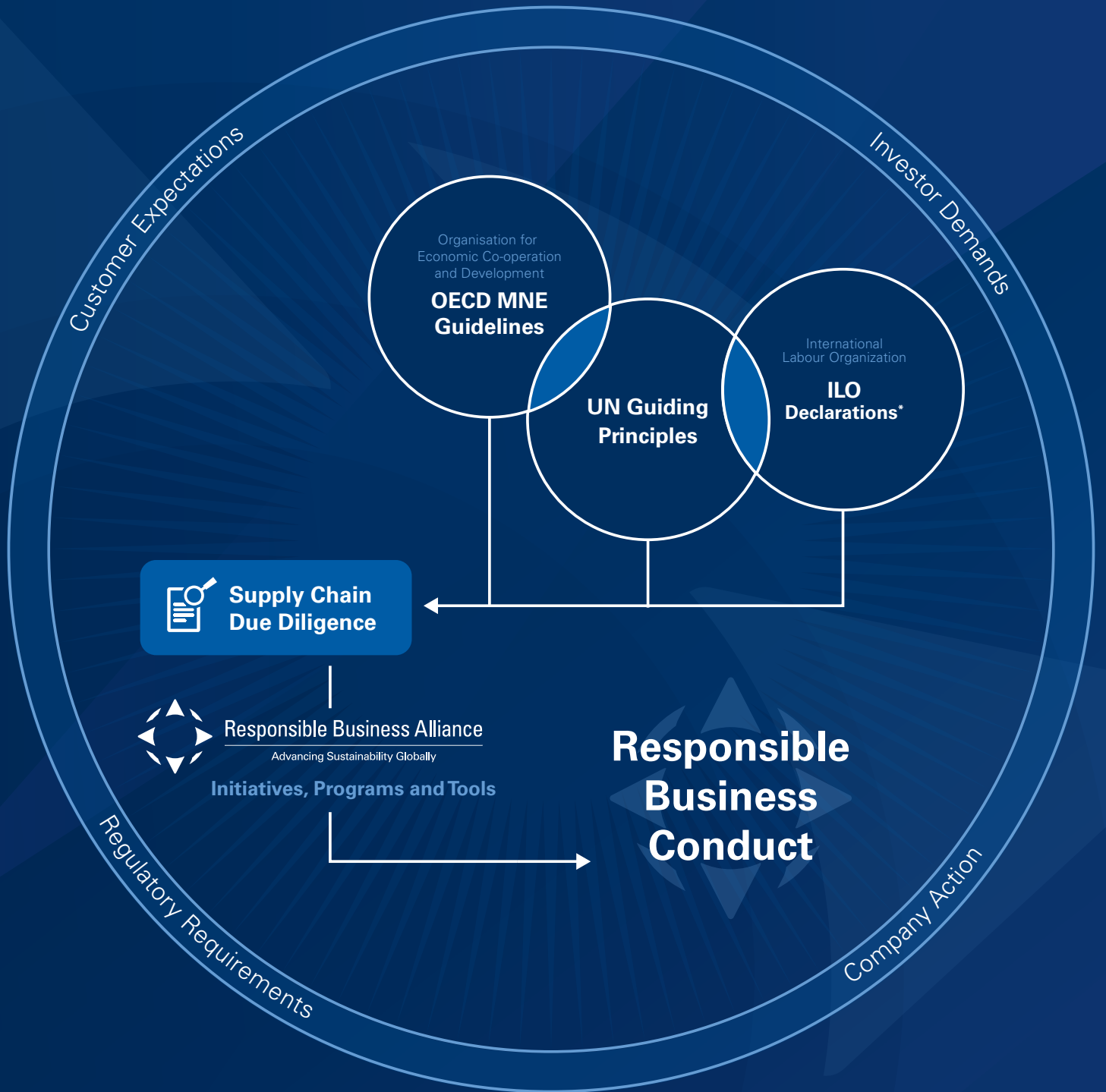
chains and other business relationships.

The RBA, through its tools, programs and initiatives, helps its members operationalize and implement the OECD RBC Guidance as well as other international recommendations on responsible business conduct into their operations and supply chains. By using RBA tools, members can demonstrate that they are part of the growing movement of responsible businesses taking the necessary steps to prevent and address adverse impacts in their supply chains.

PUBLIC PROCUREMENT IS A GROWING DRIVER OF RESPONSIBLE BUSINESS CONDUCT

Public procurement accounts for a substantial proportion of taxpayers' money in OECD and partner countries, representing on average 12% of GDP and 29% of the national budget⁶. In recent years, a considerable shift has taken place from a purely cost approach to public procurement, to an approach that includes environmental and social impacts. While in the past value for money meant the lowest price, governments are increasingly concerned with the broader impacts of the goods and services they purchase. Many RBA members are potential suppliers to governments and must meet national and international standards to win and keep government business. Potential government suppliers will need to demonstrate that they understand what leading supply chain due diligence entails, demonstrate how they are implementing due diligence in their business operations and report on their actions to prevent, address, mitigate and, where relevant, remediate, the most salient human rights, labor rights, environmental and business ethics risks in their supply chains.

6 OECD (2017), *Government at a Glance 2017*, OECD Publishing, Paris

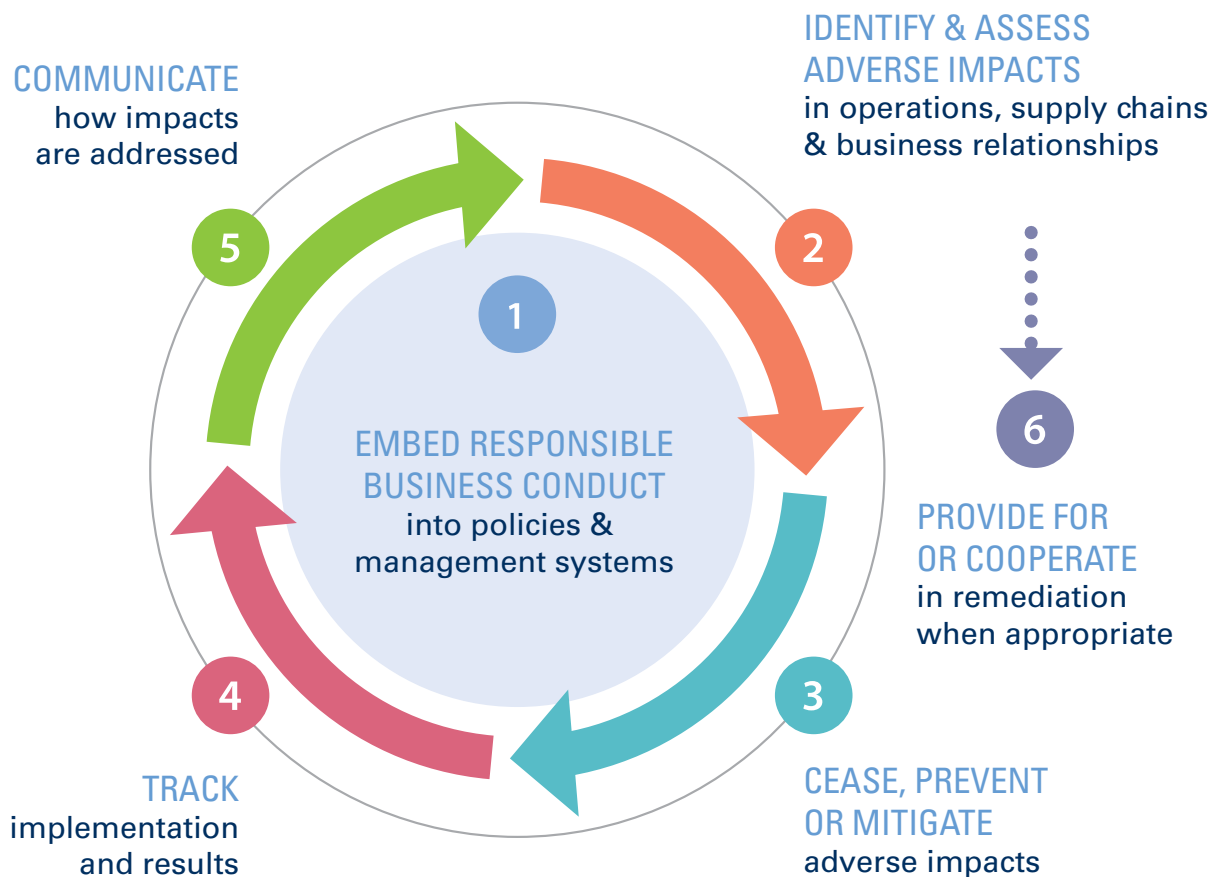


*ILO Declaration on Fundamental Principles and Rights at Work, ILO Tri-Partite Declaration of Principles Concerning Multinational Enterprises and Social Policy

III. THE OECD DUE DILIGENCE GUIDANCE FOR RESPONSIBLE BUSINESS CONDUCT

The *OECD Due Diligence Guidance for Responsible Business Conduct* (OECD RBC Guidance) takes the high-level principles embodied in international standards⁷ and proposes a framework of six core processes to support supply chain due diligence.

DUE DILIGENCE PROCESS AND SUPPORTING MEASURES



Source: OECD (2018)

The framework helps companies “identify, prevent, mitigate and account for how they address actual and potential adverse impacts in their own operations, their supply chain and other business relationships.”⁸ For more detail, RBA members should refer to the OECD RBC Guidance text.

7 The OECD RBC Guidance is aligned with the UNGPs. Per UNGP 17, “...business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed”.

8 OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct, <http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>

IV. HOW RBA TOOLS, PROGRAMS AND SERVICES CAN HELP MEMBERS OPERATIONALIZE SUPPLY CHAIN DUE DILIGENCE (USING THE OECD RBC GUIDANCE)

RBA standards and tools provide a harmonized platform for members to embed due diligence into their supply chain operations. The [RBA Code of Conduct](#) establishes standards to ensure that working conditions in supply chains are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically. The RBA Code is the DNA that underpins all RBA tools and programs.

The RBA also provides a platform for dialogue with stakeholders to support members in their supply chain due

diligence. There are numerous RBA tools that have been developed to help members implement supply chain due diligence into their operations.

RBA tools are developed with input from member companies and updated on a regular basis to reflect the latest recommendations and regulations on responsible business conduct. The table below provides greater detail on each RBA tool and how these help members meet the supply chain due diligence recommendations.

Operationalizing supply chain due diligence using RBA tools, programs and services		
OECD RBC GUIDANCE	SUB AREAS	RBA TOOLS, PROGRAMS AND SERVICES
<p>CORE PROCESS 1</p> <p>Embed responsible business conduct into policies and management systems</p>	<ul style="list-style-type: none"> • Devise, adopt and disseminate policies on RBC issues that articulate the company's commitment to due diligence principles and standards as contained in the OECD MNE Guidelines • Embed company RBC policies into company oversight bodies and management systems as part of regular business processes • Incorporate RBC policies and expectations into supplier and business relationships 	<p>RBA standards provide a harmonized platform for members to embed due diligence policies into company management systems. The RBA also actively engages with stakeholders to provide members with up-to-date information on emerging supply chain risks and regulations, which they can incorporate into company policies and management systems.</p> <p>RBA tools to support core process 1 include:</p> <ul style="list-style-type: none"> • The RBA Code of Conduct. Members are expected to support the Code and actively pursue conformance to it. The Code is in alignment with the UNGPs, the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights. • The RBA Code outlines the necessary standards RBA members must establish in their supply chain operations to ensure they do not infringe on workers' rights, the well-being of their communities, the environment and business ethics in global supply chains. • The Code also outlines necessary management systems⁹ to ensure members do not infringe on workers' rights or the wellbeing of their communities. The Code is reviewed every three years to ensure its relevance to international norms and issues in global supply chains. • RBA Compliance in Supplier Contracts: RBA best practice is to integrate the RBA Code into supplier contracts to embed responsible business expectations into the business relationship. <hr/> <p>⁹ Management systems must be designed to ensure compliance with applicable laws, regulations and customer requirements related to the members' operations and products as well as conformance with the RBA Code of Conduct.</p>

CORE PROCESS 2

Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services

- Carry out broad /initial scoping exercise to identify where RBC risks are most likely to be present and which are the most significant
- Conduct iterative and increasingly in-depth assessments on the most significant risk areas identified
- Assess company involvement in the actual or potential adverse impact to determine the appropriate responses (Did the enterprise cause, contribute or is directly linked to the negative impact?)
- Prioritize most significant risks and impacts for action, address less significant impacts over time

The RBA has developed a number of tools to support members in identifying and assessing actual and potential responsible business conduct risks in the supply chain (core process 2). These tools include risk assessment tools at a high-level as well as detailed analysis that requires more custom information from members.

High-level, initial risk scoping tools include:

- The [RBA Sensing Survey](#) is an online survey tool that helps members identify key risks in the aggregated supply chain for the industries RBA represents. This information can support members as they conduct their own supply chain assessments.
- The [Corporate Self-Assessment Questionnaire \(Corporate SAQ\)](#) is a tool designed to help members identify social, environmental and ethical risks in their own supply chains and provides a high-level understanding of risks in members' areas of operation.
- The [Facility Self-Assessment Questionnaire \(Facility SAQ\)](#) helps members obtain a detailed understanding of their own facilities and supply chain risks to assess risk management systems and identify gaps. Members are strongly encouraged to use this tool with suppliers to assess risks in their *suppliers'* facilities.
- **Indirect Spend Tool.** RBA offers members access to self-assessment questionnaires and audit protocols that can be applied to members' indirect supply chain suppliers such as call center providers, security guard services, landscapers, and facilities management providers.
- [RBA Online](#) is a sustainability data management system that contains supply chain risk and performance data. With the consent of the parties involved, this data can accelerate the identification of risks to get a better picture of a business' supply chain network.

RBA in-depth risk assessment tools include:

- The **Proprietary Risk Assessment Tool** provides global risk indices aligned to the RBA's Code of Conduct. This in-house tool compiles data from audits, the self-assessment questionnaires, as well as external risk information from respected sources such as the U.S. Trafficking in Persons (TIP) report, the World Bank Rule of Law data, and Freedom House List data. Members add in additional data regarding their supplier business relationships including criticality of supplier (% of spend with supplier, sole source option, etc.), and risk elements of the supplier business model. This type of data is typically proprietary information to members and their suppliers. The tool compiles these strands of data and derives a composite risk score that provides a first-level analysis to map suppliers against sector peers.
- **Inherent Risk Profile tool:** This tool includes information on a supplier's inherent risk, including geographic location, product or service provided, spend level from customer, and exclusivity of product. The system can also integrate management proficiency data from the SAQs and audit scores. The tool combines this data to give members a composite risk level score per supplier.
- The [Validated Assessment Process \(VAP\)](#): The VAP is the RBA's leading standard for onsite compliance verification and effective, shareable assessments. Through the severity rating system a VAP indicates a priority in which to address the issues identified in the audit. The VAP can be used to conduct iterative and increasingly in-depth assessments of suppliers. A complete VAP process, including the Corrective Action Plan (CAP) component, is a way to monitor ongoing implementation through the two-year VAP cycle that would take place under core process 4.
- The RBA [Audit Cooperation Program \(ACP\)](#) allows members to nominate their suppliers for a VAP audit. Suppliers nominated by multiple members will be approached by RBA staff to conduct a VAP. This use of industry leverage is in line with international recommendations.

Specific tools have been developed to identify and assess risks related to conflict minerals and forced labor. More detail on the specific tools related to these risks can be found in Section VI (Case Studies) of this document.

CORE PROCESS 3

Cease, prevent and mitigate adverse impacts

- Stop activities that **cause or contribute** to adverse impacts on RBC issues, develop and implement a plan that prevents and mitigates future/potential adverse impacts
- Develop a plan to prevent or mitigate actual or potential adverse impacts **directly linked** to company operations, products or services by a business relationship

Disengagement from suppliers is recommended as a last resort where the adverse impact is irremediable and there is no prospect of change. The RBA helps members develop plans that are fit for purpose to prevent and mitigate potential and actual adverse impacts. However, action and accountability rests with members themselves.

RBA tools and services to support members implement core process 3 include:

- The **Corrective Action Plan (CAP)** is a critical part of the [Validated Assessment Process \(VAP\)](#) (see above). The CAP is what enables members to address and mitigate the adverse impacts found in their own supply chains at the facility level. The CAP can be applied to an entire facility and shared with multiple customers¹⁰. A CAP for **Priority Non-Conformances** is required and reviewed by an independent fourth party for appropriate and clear actions which, if correctly implemented, would meet the requirements of a third-party auditor.
- **Supplier Training:** RBA provides training and support in specific sectors and on specific issues. Training is developed in modules and is available online. Currently, the [RBA e-Learning Academy](#) has nearly 70 online training modules on a range of sustainability topics including on how to prevent and mitigate adverse impacts.
- **Collaboration.** The RBA supports collaboration among interested members to help drive action in parts of the supplier chain where members are linked via a business relationship.

Collaboration to mitigate risks related to conflict minerals and forced labor are addressed via specific RBA initiatives. More detail on mitigation actions related to these risks can be found in Section VI (Case Studies) of this document.

¹⁰ The facility owns the audit report and the CAP and chooses who to share it with.

CORE PROCESS 4

Track implementation and results

- Track implementation and effectiveness of due diligence activities
- Use lessons learned to improve processes in the future

The RBA encourages members to track their due diligence implementation actions and effectiveness, and apply lessons learned to improve due diligence over time. Reflecting best practice, members are encouraged to have due diligence actions assessed by third parties.

RBA tools to support core process 4 include:

- The **Corrective Action Plan (CAP)**, which is part of the [Validated Assessment Process \(VAP\)](#) provides for re-audits in remediation of non-conformance.
- The **Priority Closure** component of the **Validated Assessment Process (VAP)** promotes on-site compliance verification. On-site compliance verification carried out on RBA member facilities and their suppliers' facilities are completed by independent, third-party auditors specially trained in social and environmental auditing and the VAP protocol.
- [RBA Online](#) includes supply chain performance data which, with consent of the parties involved, can track the effectiveness of supply chain due diligence actions.
- An **Audit Quality Manager (AQM)** shadows the audit program and reviews auditors to promote continued learning and improvement among auditors.

Specific tools have been developed to track due diligence actions related to conflict minerals and forced labor. More information can be found in Section VI (Case Studies) of this document.

CORE PROCESS 5

Communicate how impacts are addressed

- *Communicate externally relevant information on due diligence policies, processes, activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities*

Communicating relevant due diligence information externally can be challenging for many companies. The RBA provides tools to support reporting requirements as well as informational workshops on the latest reporting requirements expected of companies.

RBA tools and services to support core process 5 include:

- **RBA Online Data Monitor**, which allows members to generate standard and custom supply chain reports to support company specific reporting requirements and publication of information.
- The [RBA Annual Report](#), which provides industry-level information on collective programs, activities, and findings, can be used by members for comparison to their own annual reports and to provide benchmarks for improvement over time.
- [Member Compliance Kits](#) list out the types of public commitments, risk assessments and audits RBA members are expected to carry out in their supply chains. These steps are examples which members can cite in reporting and communicating on their due diligence actions related to modern slavery/forced labor for the U.K. Modern Slavery Act (UKMSA), California Transparency in Supply Chains Act (CATISCA) and U.S. Federal Acquisition Regulation (FAR).

CORE PROCESS 6

Provide for or cooperate in remediation when appropriate

- *When the company identifies that it has **caused or contributed** to actual adverse impacts, address such impacts by providing for or cooperating in their remediation*
- *When appropriate, provide for or cooperate with legitimate remediation mechanisms through which impacted stakeholders and rights holders can raise complaints and seek to have them addressed with the company*

- The RBA regularly reviews the risk landscape in responsible business conduct and highlights specific issues that require deeper support and specific action, including for example remediation.
- The RBA routinely engages with stakeholders and experts on issues that may require remediation to understand expectations around remediation and explore appropriate actions.
- The RBA also provides support by organizing members (where requested) to coordinate action (while respecting antitrust regulations) where there are findings of adverse impacts, working collectively to help address them.

More information of the RBA's support to members on forced labor and conflict minerals can be found in Section VI (Case Studies).

THE RBA: A PLATFORM TO IMPROVE SUPPLY CHAIN DUE DILIGENCE

The RBA also provides a platform for members to exchange perspectives and ideas on supply chain implementation, improve their knowledge on a range of supply chain issues and develop solutions that are fit for purpose. Examples of the RBA knowledge facilitation include:

- **On-Demand Factory Lead training:** Through the [RBA e-Learning Academy](#) a package of courses, with a test for each, is offered to those responsible for implementing the RBA Code of Conduct at the factory level. The package walks participants through all elements of the Code, critical CSR regulations, the audit process and general management of a factory with the voice of the worker in mind

- **Auditor training:** The RBA offers trainings for auditors and corporate audit program managers. The trainings are run by internationally recognized experts at multi-day, in-person trainings that take place several times per year
- **Member networking:** The RBA encourages members to share best practices and help establish new industry-wide solutions. The RBA encourages problem-solving and finding shared solutions via meetings, such as the *RBA Leadership Circle*, an annual forum for senior leaders in member and non-member companies, to develop possible solutions to common problems. The RBA also hosts an *Annual Conference* focused on corporate social responsibility in the global electronics supply chain, with speakers from industry, civil society and government and hosts 4-6 outreach meetings all over the world each year.

V. RBA STAKEHOLDER ENGAGEMENT TO PROMOTE SUPPLY CHAIN DUE DILIGENCE

Stakeholder engagement is a critical part of due diligence and is highlighted as one of the essential characteristics¹¹ of due diligence in the OECD RBC Guidance. It can be vital in defusing high-risk situations and in developing solutions that are constructive and effective.

RBA-led stakeholder engagement provides members with an additional platform for constructive dialogue with stakeholders on due diligence challenges and solutions. While the RBA cannot and would not speak for individual companies, it harnesses the voice of its membership, encourages constructive dialogue and builds meaningful stakeholder engagement with a wide range of stakeholders.

The RBA engages with government officials, public procurement authorities, intergovernmental organizations, and other stakeholders on a regular basis to help raise awareness of RBA initiatives and tools, highlight industry action on key issues, and promote greater harmonization across pending new policy requirements. The RBA also solicits stakeholders' views so that this can feed into RBA tool development and initiatives. Through its stakeholder engagement, the RBA can act as a conduit for companies to raise problematic issues with stakeholders in a candid and constructive way.

With regard to the core processes of supply chain due diligence, the RBA's stakeholder engagement efforts help members:

- Catalogue responsible business conduct standards, issues and regulations (core process 1)
- Complete data gaps in supply chain risk identification (core process 2)
- Develop long-term, credible solutions by incorporating stakeholder feedback into mitigation actions (core process 3)
- Engage with stakeholders on expectations of effective due diligence and ways to improve the due diligence process (core process 4)
- Develop best-in-class reporting for specific risks, for example the Responsible Minerals Initiative's (RMI) collaboration with the Global Reporting Initiative (GRI) on a reporting tool (core process 5)
- Understand and explore appropriate remediation actions in collaboration with stakeholders (core process 6)

¹¹ See OECD RBC Guidance "Characteristics of due diligence – the essentials: Due diligence is informed by engagement with stakeholders, p. 18 and OECD RBC Guidance Annex, questions 8 to 11, pertaining to stakeholder engagement for more information.

VI. RBA INITIATIVES TO PROMOTE SUPPLY CHAIN DUE DILIGENCE – CASE STUDIES

The RBA regularly reviews the risk landscape in responsible business conduct and highlights specific issues that require deeper support from the RBA. Based on member input and the RBA's engagement with stakeholders, the RBA can launch specialized initiatives around specific issues to help members address these risks and find solutions to complex problems. The **Responsible Minerals Initiative (RMI)** and the **Responsible Labor Initiative (RLI)** are examples of RBA-led initiatives on salient human rights risks in supply chains.

Initiative members gain detailed knowledge on specific supply chain risks, as well as access to customized tools and services to collectively and individually address salient human rights risks, meet their responsible business conduct commitments and engage with specific stakeholder communities.

RESPONSIBLE MINERALS INITIATIVE (RMI)

Introduction

More than 360 companies from over 10 industries participate in the **Responsible Minerals Initiative (RMI)**¹² to support responsible sourcing of minerals globally. Founded in 2008, the RMI serves as a collaborative, multi-industry platform that encourages and improves regulatory compliance and company due diligence through the development and broad application of tools, resources and guidance documents in the minerals supply chain. The RMI is the largest industry supply chain program focused on responsible mineral supply chains. The majority of the RMI's members are downstream companies from a range of industries.

The RMI was originally set up to assist RBA members in responding to concerns raised by NGOs about 'conflict minerals' originating in the Democratic Republic of the Congo (DRC) and entering the global supply chains of the electronics industry. When the United States enacted Dodd-

Frank Section 1502 in 2010, the RMI's focus evolved to also support industry compliance with the U.S. Dodd-Frank Act.

The U.S. Securities and Exchange Commission (SEC)'s Conflict Minerals Rule, which implements the conflict minerals provisions of Dodd-Frank, references the [OECD Due Diligence Guidance for Responsible Mineral Supply Chains from Conflict-Affected and High Risk Areas](#) (OECD Minerals Guidance) as one of the frameworks available to support due diligence. The RMI has since evolved to also support company compliance with the European Union Regulation on Conflict Minerals, which will go into effect in 2021. For more details on national regulations please see the Annex of this document.

THE RMI AND THE OECD MINERALS GUIDANCE

The RMI uses the five-step framework of the [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#) (OECD Minerals Guidance) as its reference guide. The OECD Minerals Guidance is aligned with the OECD RBC Guidance and draws on the same principles and core processes such as establishing management systems, identifying and assessing risks, mitigating impacts, conducting audits and reporting. While the OECD RBC Guidance is a general framework applicable to companies from any sector, the OECD Minerals Guidance provides greater detail to companies in the minerals supply chain; in particular those operating, sourcing or linked to minerals from conflict-affected and high-risk areas. The OECD Minerals Guidance is referenced in the U.S. Dodd-Frank Act as one of the frameworks companies can use to support supply chain due diligence.

12 The Responsible Minerals Initiative (RMI) was formerly known as the Conflict-Free Sourcing Initiative (CFSI)

How RMI tools, programs and service help members implement supply chain due diligence (using the OECD Minerals Guidance framework)

Operationalizing minerals supply chain due diligence using RMI tools, programs and services

<p>STEP 1</p>	<p>Establish strong company management systems</p>	<p>The RMI helps members with Step 1 by developing resources, guidance and training to facilitate engagement with and capacity-building in strong company management systems.</p> <p>AVAILABLE RMI TRAINING COURSES:</p> <ul style="list-style-type: none"> • Supplier Training Module 4: Strong Company Management Systems • RMI Revised Standard Training Module 3: OECD Step 1 • RMAP Course 2: Conflict Minerals Policy <p>PUBLICATIONS AND RESOURCES:</p> <ul style="list-style-type: none"> • Five Practical Steps for Conflict Minerals Due Diligence and SEC Disclosure • List of smelter/refiner supply chain policies
<p>STEP 2</p>	<p>Identify and assess risks in the supply chain</p>	<p>THE RMI SUPPORTS STEP 2 COMPANY RISK ASSESSMENTS THROUGH:</p> <ul style="list-style-type: none"> • Risk Readiness Assessment (RRA): a self-assessment tool to help RMI members assess and communicate their risk management practices across 31 issue areas and 15 minerals/metals. • Smelter Information Questionnaire (SIQ): A survey to identify smelters and refiners in global supply chains. • Conflict Minerals Reporting Template (CMRT) and Cobalt Reporting Template: These standardized reporting templates facilitate the transfer of information on mineral country of origin and smelters and refiners (helps identify which smelters and refiners should undergo an audit – see Step 4). • RMI Smelter Database: Database of 3,000+ companies (tin, tantalum, tungsten, gold and cobalt) with information on operations, eligibility for audits, engagement history, conformance status, publicly available links and affiliation with industry groups. • Reasonable Country of Origin (RCOI): RCOI data provides access to mineral sourcing countries, which can support companies' decisions and disclosures to affirmatively support responsible sourcing from conflict-affected and high-risk areas. • Conflict-Affected and High-Risk Areas (CAHRAs) Resource Page: A resource page for members to determine what is a conflict-affected or high-risk area. • RMI Smelter Due Diligence Form: Contains due diligence information on smelter/refiners, which are not currently participating in an independent third-party auditing program. <p>RMI TOOLS AND TRAINING:</p> <ul style="list-style-type: none"> • Supply Chain Mapping Tool • Mineral Production by Country Annual Compilation Report (tin, tantalum, tungsten and gold) • Supplier Training Module 3: Risk Assessment

STEP 3

Design and implement a strategy to respond to identified risks

The RMI helps members with Step 3 and supports joint mitigation efforts to respond to identified risks through the RMI [Grievance Mechanism](#): A standardized incident receipt and response process open to RMI members, stakeholders and the public. The Grievance Mechanism is utilized to raise concerns about the initiative, the audit program, protocols, audit quality and auditor competencies, mineral supply chains and upstream/downstream initiatives.

RMI TOOLS AND TRAINING:

- [Risk Mitigation Tool](#)
- [Module 5: Risk Management for Low-Risk Sources](#)
- [Module 6: Risk Management for High-Risk Sources](#)

RMI TOOLS IN DEVELOPMENT:

- **Online Cross-Industry Grievance Platform** to screen and address public allegations linked to smelters and refiners. The platform will provide a record and communication channel for identification, follow-up, and resolution of grievances and will complement audits.

STEP 4

Carry out independent third-party audit of smelter/refiner's due diligence practices

The RMI helps companies carry out Step 4 audits through the [Responsible Minerals Assurance Process \(RMAP\)](#). The RMAP offers RMI members and their suppliers an independent, third-party audit that determines which smelters and refiners can be verified as having systems in place to responsibly source minerals. Specially trained third-party auditors independently verify that smelters and refiners have systems in place to responsibly source minerals in conformance with the RMAP. The audit standards are developed according to global standards such as the OECD Minerals Guidance, the EU Conflict Minerals Regulation, and the U.S. Dodd-Frank Act.

RMI SERVICES AND TRAINING:

- [Initial Audit Fund](#), which covers the first audit for RMAP auditees, and the publication of audit results on the RMI's website.
- [Training Program](#) including in-depth training on standards for auditors and auditees. RMI also offers free, personalized, technical assistance on request
- Single-Point-of-Contact system: dedicated RMI member company representative to assist smelters throughout process
- Audit preparation documents

RMI TOOLS IN DEVELOPMENT:

- [Cobalt Refiner Program](#): To ensure the responsible production, trade and processing of cobalt.

STEP 5

Report annually on supply chain due diligence

The RMI supports members with Step 5 reporting by offering guidance and resources to member companies on public reporting for their due diligence practices.

RMI TOOLS AND SERVICES:

- **Peer Review of Company Disclosures:** RMI offers an annual anonymized peer review of company Conflict Minerals Reports in advance of filing deadlines.
- The RMI publishes annual smelter/refiner **Audit Summary Reports** and **Step 5 Due Diligence** reports for companies participating in the RMAP (See Step 4).

RMI TOOLS IN DEVELOPMENT:

- **Minerals Due Diligence Public Reporting Guidance and Toolkit:** The Global Reporting Initiative (GRI) and RMI are collaborating on a consolidated reporting guidance based on internationally recognized frameworks.

THE RMI STAKEHOLDER ENGAGEMENT AND OUTREACH

- The RMI regularly participates in public forums to provide information about the RMI and the [Responsible Minerals Assurance Process \(RMAP\)](#) and shares tools, best practices, and mechanisms to identify and mitigate risks in the mineral supply chain. RMI participates in a range of external bodies and hosts an annual workshop to provide a forum for dialogue with stakeholders.
- The RMI engages with a variety of non-governmental organizations, responsible investor groups, governments and multilateral institutions to discuss emerging issues and best practices, and work on addressing shared challenges. For example, the RMI contributed to review and development of the [Remediation Guidelines for Victims of Human Trafficking in Mineral Supply Chains](#).
- The RMI also produces white papers and other analyses for companies about best practices and standards on addressing responsibly sourced minerals in the supply chain

RESPONSIBLE LABOR INITIATIVE (RLI)

Introduction

Companies operating international supply chains face increasing regulatory and market access requirements to conduct advanced due diligence on forced labor. According to the ILO, nearly 25 million people worldwide are working in situations of forced labor. Guiding principles on forced labor are well-established, however, solutions tend to be fragmented across industries and geographies and only address certain aspects or specific points in a worker's journey. Due diligence on forced labor must be harmonized across multiple industries that share recruitment supply chains to drive labor market transformation through collective action.

To catalyze and accelerate change, the RBA launched the **Responsible Labor initiative (RLI)** in 2017. The RLI is a multi-industry, multi-stakeholder initiative focused on

ensuring that the rights of workers vulnerable to forced labor in global supply chains are consistently respected and promoted. The RLI implements solutions at every stage of the worker's journey through recruitment, employment and post-employment. RLI tools can help support members operationalize international supply chain due diligence recommendations, such as the OECD RBC Guidance, and respond to reporting requirements, such as the California Transparency in Supply Chains Act (CATISCA), the U.K. Modern Slavery Act, and upcoming legislation on modern slavery from Australia, and meet regulatory requirements such as the U.S. Federal Acquisition Regulation (FAR), U.S. Tariff Act and certain provisions of the [Countering America's Adversaries Through Sanctions Act \(CAATSA\)](#).

How RLI tools, programs and services help members implement forced labor supply chain due diligence (using the OECD RBC Guidance)

Operationalizing supply chain due diligence on forced labor issues using RLI tools, programs and services

CORE PROCESS 1

Embed responsible business conduct into policies and management systems

The RLI provides members with specific standards language and definitions on **Freely Chosen Employment**, developed with input from key stakeholders, which members can incorporate into their policies and management systems to help implement core process 1.

RLI TOOLS AND SERVICES:

- **Text on Forced Labor** that aligns to the RBA Code of Conduct section on Freely Chosen Employment (Section A1 of the RBA Code): *“Forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services.”*
- **Definition of Fees** that outlines the specific work-related charges for which a worker should never pay. The [RBA Trafficked and Forced Labor Definition of Fees](#) provides detailed information on the expectations related to the following part of section A1 of the RBA Code: *“Workers shall not be required to pay employers’ or agents’ recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.”* This Definition of Fees is critical to embedding ethical recruitment and employment policies into supply chain practices.
- **RLI Resource Area** provides members access to regulatory and market access information and compliance tools. These resources allow members to understand and implement critical forced labor due diligence requirements from governments around the world, while guiding company policies and management systems.

CORE PROCESS 2

Identify and assess actual and potential adverse impacts associated with the enterprise’s operations, products or services

Detecting the conditions that contribute to forced labor is difficult and requires specialized standards, focus and resources. The RLI supports members in identifying and assessing forced labor (core process 2) through several tools and services:

- The **Forced Labor Risk Resource Center** provides tools and information that help RLI members determine forced labor risks by country, industry and other dimensions. This allows companies to overlay their supply chain knowledge against third-party information to understand where to apply more in-depth assessments such as the Supplemental Validated Audit Process (SVAP)
- The [Supplemental Validated Audit Process \(SVAP\) on Forced Labor](#) is an assessment program based exclusively on identifying the risk of forced labor at an Employment Site (e.g., factory) or Labor Provider (e.g., labor agent or recruitment agency). The SVAP protocol is based on the RBA Code of Conduct provisions related to trafficked and forced labor that are assessed in greater depth and with additional resources (e.g., native language interviewers).
- The **SVAP** includes a **Self-Assessment Questionnaire (SAQ)** that provides detailed information on the actual and potential forced labor risks at the site and labor provider level, as well as the on-site **SVAP Audit** that is focused on provisions related to forced labor. Third-party auditors maintain quality control and the audit is conducted with native language interviewers to develop trust with management and the workers.

CORE PROCESS 3

Cease, prevent and mitigate adverse impacts

The RLI provides a number of tools and services to help members mitigate and prevent forced labor from occurring in their supply chains.

RLI TOOLS AND TRAINING INCLUDE:

- **Corrective Action Plan (CAP)** – the CAP a critical component of the [Supplemental Validated Audit Process \(SVAP\) for Forced Labor](#). The CAP includes the actual actions that need to be taken by facilities to correct and mitigate risks that may result in forced labor.
- The **RLI Learning Path** provides members with eLearning modules for their staff and suppliers to enable compliance with forced labor due diligence expectations and implementation.
- The [Responsible Workplace Program](#) focuses on improving workers' awareness of their labor rights, developing worker-management communication and amplifying workers' voices to improve working conditions and mitigate issues that contribute to forced labor. Program elements include:
 - Worker surveys using mobile technology
 - Worker-management communications training and development
 - Worker education
 - Third-party worker helpline
- The [Responsible Recruitment Program \(RRP\)](#) aims to transform the market for ethical recruitment practices targeting labor recruitment agencies. RRP elements include:
 - A three-step system development path
 - Ethical recruiter training and verified self-assessments
 - Forced labor audits
 - Certification equivalency

CORE PROCESS 4

Track implementation and results

The RLI helps members track their actions (core process 4) to address the actual and potential risks of forced labor through the:

- [Supplemental Validated Audit Process \(SVAP\)](#), which provides for tracking and re-audits if required. As part of the SVAP, sites are expected to conduct an on-site **Priority Closure Audit**.
- [Responsible Recruitment Program \(RRP\)](#), which also provides auditing and an "on-ramp" to third-party certification systems to labor providers (i.e., labor agents or recruiters). Labor provider progress is monitored carefully by RLI staff. As participants reach each level, they are added to a public list to enable customers to engage directly with ethical recruiters.

CORE PROCESS 5

Communicate how impacts are addressed

The RLI encourages its members to publicly communicate on how labor related risks and impacts, in particular forced labor, are addressed.

TOOLS TO SUPPORT RLI MEMBERS IN CORE PROCESS 5 INCLUDE:

- **Model Forced Labor Disclosure Template.** The RLI has developed a tool that members can use to report on their efforts to identify and assess the actual and potential risks of forced labor in their global supply chains and comply with existing and emerging forced labor/modern trafficking disclosure requirements.
- **RBA Annual Report.** Information from the RBA Annual Report can be used by companies to demonstrate progress against compliance with the RBA Code of Conduct *Provision A1: Freely Chosen Employment* versus an industry benchmark. This data is updated annually and members can request additional aggregate industry level information on demand to assist in their reporting efforts.

CORE PROCESS 6

Provide for or cooperate in remediation when appropriate

The RLI supports members in remediation efforts (core process 6) by organizing efforts where there are findings of forced labor. Shared remediation is often a key aspect of driving outcomes, especially related to fee repayment to workers given the complex economic realities between supply chain partners. The RLI plays a key role in organizing multiple industry voices to create leverage in these situations.

The RLI routinely **engages with stakeholders** and experts on issues that may require remediation to understand expectations around remediation and explore appropriate actions.

RLI TOOLS AND SERVICES INCLUDE:

- **Labor Migration Corridor Database,** which provides average fees paid by workers going through high-risk migration corridors. In addition, the database includes detailed information on the regulatory and market context of each migration corridor. This can be used to facilitate appropriate remediation for fee repayment.
- **Third-Party Helpline,** which provides workers access to counseling and a credible grievance mechanism in key countries. Where forced labor conditions may be reported, this enables suppliers and customers to participate in a facilitated remediation process.

INTERNATIONAL STANDARDS AND FRAMEWORKS ON RESPONSIBLE BUSINESS CONDUCT

- [ILO Declaration on Fundamental Principles and Rights at Work](#): Adopted in 1998, the declaration commits member states to respect and promote principles and rights in freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation. [ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy](#): Addressed to multinational and national enterprises, governments, and employers' and workers' organizations, these guidelines provide guidance in employment, training, conditions of work and life, industrial relations as well as general policies. ILO declarations are harmonized and aligned with the UNGPs and the OECD standards.
 - [OECD Guidelines for Multinational Enterprises](#) (OECD MNE Guidelines): The OECD MNE Guidelines are high-level recommendations on responsible business conduct addressed to enterprises by governments from 48 countries. The guidelines cover a broad range of responsible business topics. The topics covered by the OECD include human rights and labor (workers and industrial relations) as well as the environment, bribery and corruption, disclosure, and consumer interests. The OECD MNE Guidelines are aligned with the UNGPs and the ILO declarations.
 - The [OECD Due Diligence Guidance for Responsible Business Conduct](#) (OECD RBC Guidance): The OECD RBC Guidance was developed in 2018 to help companies implement the due diligence recommendations of the OECD MNE Guidelines. The OECD RBC Guidance is aligned with the UNGPs and the ILO declarations.
 - The [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#) (OECD Minerals Guidance). The OECD Minerals Guidance, developed in 2010, provides recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices. The OECD Minerals Guidance is aligned with the OECD RBC Guidance, the UNGPs and the ILO declarations. The OECD has developed sector due diligence guidance in agriculture, garment and footwear supply chains, and good practice papers for the extractives and financial sectors. For more information: <http://mneguidelines.oecd.org/duediligence/>
- [UN Guiding Principles on Business and Human Rights](#) (UNGPs): The UNGPs are the first internationally supported principles on business¹³ and human rights¹⁴ and implement the UN "Protect, Respect and Remedy" Framework. They were unanimously endorsed by all UN member states in June 2011 and provide the first global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. Per UNGP 12, the responsibility of business enterprises to respect human rights refers to internationally recognized human rights – understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. The UNGPs are informally known as the "Ruggie Principles" or the "Ruggie Framework" due to their authorship by John Ruggie. The UNGPs are aligned with recommendations from the ILO and the OECD.

NATIONAL AND REGIONAL LEGISLATION RELATED TO MINERALS SUPPLY CHAIN DUE DILIGENCE

- [EU Conflict Minerals Regulation](#): The European Union's Conflict Minerals Regulation was passed in 2017, and will come into practice across the E.U. in 2021. The regulation aims to help stem the trade in four minerals – tin, tantalum, tungsten and gold - which sometimes finance armed conflict or are mined

13 UNGP 11: Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.

14 An authoritative list of the core internationally recognized human rights is contained in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights and the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights), coupled with the principles concerning fundamental rights in the eight ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work. These are the benchmarks against which other social actors assess the human rights impacts of business enterprises. The responsibility of business enterprises to respect human rights is distinct from issues of legal liability and enforcement, which remain defined largely by national law provisions in relevant jurisdictions.

using forced labor. The regulation explicitly refers to the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (OECD Minerals Guidance), as a framework which companies can use in conducting due diligence. From 1 January 2021, E.U. importers of tin, tantalum, tungsten and gold will have to carry out due diligence on their supply chain. In other words, they will have to check where the minerals and metals they import have been mined and processed responsibly.

- **U.S. Dodd-Frank Act, Section 1502:** The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, passed by the U.S. Congress in July 2010, includes a provision – section 1502 – aimed at stopping the national army and rebel groups in the Democratic Republic of the Congo (DRC) from illegally using profits from the minerals trade to fund their fight. Section 1502 is a disclosure requirement that calls on companies to determine whether their products contain conflict minerals – by carrying out supply chain due diligence – and to report this to the U.S. Securities and Exchange Commission (SEC). This regulation applies to all companies quoted on the U.S. stock exchange, using tin, tantalum, tungsten and gold, and focuses on the human rights and conflict elements of due diligence from the DRC and surrounding countries. It refers to the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (OECD Minerals Guidance) as a framework which companies can use in conducting due diligence.

- **Netherlands Child Labor Due Diligence Law** (in process): Adopted by the Dutch parliament in February 2017, this law is now before the Senate and is expected to be approved in some form although exact provisions may change. As it currently stands, the law would apply to Dutch-registered companies as well as foreign companies that sell products to Dutch consumers, including online retailers. Covered companies would be required to investigate whether child labor (as defined by the ILO) is present in their operations or supply chain.
- **U.K. Modern Slavery Act (UKMSA):** The United Kingdom's Modern Slavery Act was enacted in October 2015 to combat slavery and human trafficking in global supply chains. The Act requires commercial organizations in any sector carrying out business in the U.K. with a total annual global turnover of £36 million or more, to produce a slavery and human trafficking statement on an annual basis.
- **U.S. Federal Acquisition Regulation (FAR)** – In 2015, a final rule amending the Federal Acquisition Regulation (FAR) was issued to implement [Executive Order 13627, "Strengthening Protections Against Trafficking in Persons in Federal Contracts," and Title XVII of the National Defense Authorization Act for fiscal year 2013, "Ending Trafficking in Government Contracting."](#) The rule applies to contracts performed domestically, as well as those involving international performance. The rule aims to make the ban on human trafficking more effective. Government contractors are prohibited from engaging in certain activities and are required to take additional steps to prevent a violation, including certification and flow-down of the contract clauses to certain subcontractors.

- **U.S. Tariff Act** - Section 307 of the Tariff Act of 1930 (19 U.S.C. § 1307) prohibits the importation of merchandise mined, produced or manufactured, wholly or in part, in any foreign country, by forced or indentured child labor – including forced child labor. Such merchandise is subject to exclusion and/or seizure, and may lead to criminal investigation of the importer(s).

NATIONAL LEGISLATION RELATED TO FORCED LABOR, SLAVERY AND HUMAN TRAFFICKING IN SUPPLY CHAINS

- **Australian Modern Slavery Act (MSA)** (in process): The Australian government will introduce the Modern Slavery Act to parliament by mid-2018. The proposal would apply to a variety of entities (including foreign entities) carrying on a business in Australia, with annual revenues of no less than AUD \$100 million. Companies would be expected to report on all modern slavery practices criminalized under Commonwealth law, including slavery, trafficking in persons, servitude, forced labor and forced marriage. Reporting entities will need to publish Modern Slavery Statements within six months from the end of their financial year.
- **California Transparency in Supply Chains Act (CATISCA):** The Act applies to manufacturers and retailers who report annual global gross receipts of US\$100 million or more in filings to the California Franchise Tax Board to publicly disclose their efforts to eradicate slavery and human trafficking in their supply chains. Specifically, they must state to what extent if any they undertake five specific activities intended to help them identify and mitigate the risk of slavery and human trafficking in their supply chains.
- **Countering America's Adversaries Through Sanctions Act (CAATSA)** restricts entry into the United States of goods made with North Korean labor, wherever located, and imposes sanctions on foreign persons that employ North Korean labor. This measure aims to curtail the North Korean government's practice of sending workers overseas in forced labor conditions and profiting from their work.

OTHER LEGISLATION PROMOTING SUPPLY CHAIN DUE DILIGENCE

- **EU Non-Financial Disclosure Directive:** This E.U. directive requires public and private companies of a certain size - upwards of 500 employees, balance sheet total of Euro 20 million, and/or net revenues of Euro 40 million - to disclose to E.U. authorities information relating to policies, risks and outcomes as regards environmental matters, social and employee aspects, respect for human rights, anticorruption and bribery issues and boardroom diversity.
- **France Law on Duty of Care (Devoir de Vigilance):** The French law applies to any company headquartered in France that in two consecutive fiscal years has: a) 5,000 or more employees, including employees of any French subsidiaries; or b) 10,000 or more employees, including French and foreign subsidiaries. Such companies have to create and make publically available a plan that addresses activities in the company' supply chain, where the company maintains an ongoing business relationship with its suppliers and the activities at issue involve that business relationship. The law is broad in scope and covers human rights, environment, labor and governance issues. Information about the law in [English](#) from the International Bar Association.



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