







Assessing and Enhancing the Contribution of Small and Medium-scale Enterprises (SME) to **Due Diligence for Responsible Mineral Supply Chains**

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Goals for presentation today

Introduction to the study

Brief overview of method and sample size

Presentation of the key findings and recommendations







Introduction and Background

Session at the 7th ICGLR-OECD-UNGoE Forum in 5/2014:

- SME do play a significant role in conflict mineral supply chains
- For downstream companies:
 - Existing obligations under Dodd-Frank 1502
 - Existing recommendations made by the OECD guidance

 Limited knowledge and experience on downstream SME's conflict mineral due diligence practices









Introduction and Background

Key Questions:

- How are downstream SME handling their conflict minerals due diligence and what are their experiences?
- Are their best practices and how can SME be supported by different stakeholders?







Method and Sample Size

- Jewellery, electronics, automotive and medical technology industries
- Online survey SMEs
- Interviews with SME, large-scale companies and industry associations
- Online survey: 25-45 participants
- Interviews: 36 in total, 17 SMEs and 19 large-scale companies and industry associations

Small sample size, but strong validity









Key Findings SME Online-Survey and Interviews

SME main activities: completing <u>reporting templates</u>

- Main challenges include:
 - Inability to trace their supply chains down to smelter level
 - Absence of information from customers
 - Difficulty accessing reliable information
 - Costs, lack of resources/staff









Key Findings SME Online-Survey and Interviews

Reported differences between industries

General need for more advice, information and support

Development of a Best practice SME case study







Key Findings Interviews Large companies/associations

Varying experiences among SME suppliers/members:

 Reported challenges with low awareness and capacity among (SME) suppliers

 Reported successes using the ,Go early, give support' model of supplier engagement









Recommendations: Industry

- Large companies: Use 'Go early, give support' model of supplier engagement
- SMEs should recognize their vital role in responsible mineral sourcing:
 - Seek out information and support
 - Use Best practice SME case study
- Adequate information flows between customers and their suppliers









Recommendations: Industry Associations

- Industry associations are encouraged to:
 - Make reliable information sources available online (in multiple languages)
 - Provide training programmes that cover the full spectrum of assumed knowledge, including entry level
- Reporting templates should be:
 - More user friendly
 - Translated only by certified translators
 - Aligned, whenever possible









Recommendations: OECD

 Include a best practice example of an SME adapting the DDG to its size and risk profile in the guidance document or the surrounding literature ("step-by-step guide")

 Develop this best practice example in cooperation with relevant stakeholders







Recommendations: Government

 Laws should clearly state that SMEs in supply chains must be tasked with only their fair share of reporting and due diligence obligations

 Entities should receive assistance to develop new conflict minerals training, train more SMEs, and develop conflict minerals information material







Recommendations: Government

 Incentives should be made available to SMEs to enable their attendance at training programmes

- Governments should encourage the establishment of regional forums to enable knowledge sharing and peer networking.
- Governments support initiatives to provide SMEs with hotlines and resource centers that enable them to access personalised, reliable advice about these issues







Questions/Discussion

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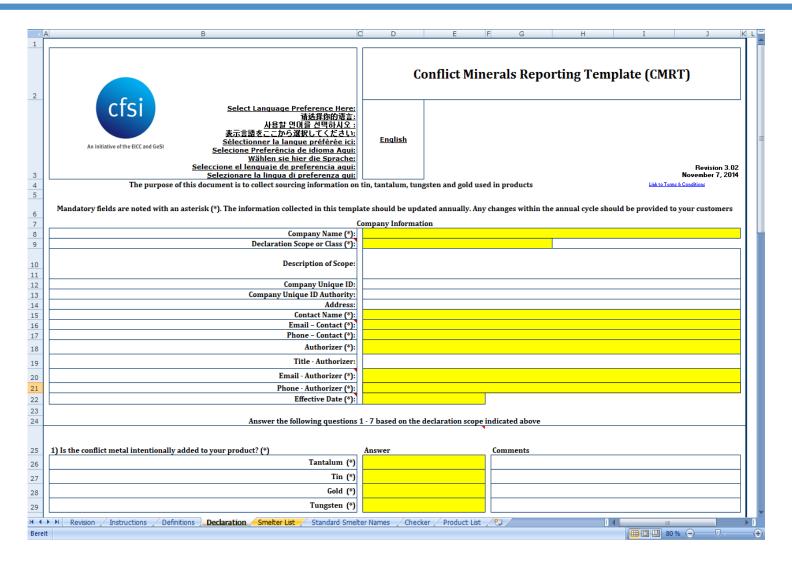








Conflict Mineral Reporting Template







Bundesanstalt für Geowissenschaften und Rohstoffe

GEOZENTRUM HANNOVER