INTRODUCTION TO THE SUPPLEMENT ON GOLD

Meeting of the OECD-hosted forum on implementation of due diligence in the gold supply chain
2-3 May 2012

Mora Johnson, Canada, Co-Chair of Drafting Committee
Ruth Crowell, LBMA, Co-Chair of Drafting Committee
John Bullock, Metalor, Member of Drafting Committee
Development Timetable

• Start: May 2011 Gold Working Group Meeting
  – Multi-Stakeholder Drafting Committee:
  – Weekly conference calls
  – Nov 2011 Gold Working Group Meeting
  – Public consultation

• Approvals:
  – Feb 2012 – Gold Working Group
  – Mar 2012 – Advisory Group on Investment
  – April 2012 – Development Assistance and Investment Committees
  – June/July 2012 – OECD General Council (pending)
Implementation Timetable

- Jan 2012 Industry Groups have begun implementation
- 2-3 May 2012 Gold Working Group Meeting
- To be agreed
Challenges of Conflict Gold

• Very small part of world gold supply
• Very large part of conflict area economy
• Very difficult to control
  – Many uses: finance, jewelry, industry
  – Easily refined to useable quality
  – Easily hidden, easily smuggled
• Conflict mining is artisan, small, informal
  – Highly vulnerable to armed groups
  – No resources for due diligence
Five Step Due Diligence

1. Strong company management systems;
2. Identification and assessment of risks;
3. Response to risks;
4. Independent third-party audits of refiners;
5. Annual report.
Step 1: Supply Chain DD

• Strong management systems required for all
  – Sourcing conflict and/or non-conflict gold
• Build on existing industry mechanisms:
  – WGC, ICMM, EITI for responsible mining
  – RJC – Member CSR certifications
  – LBMA – Accreditation system for refiners
  – AML – Refiner due diligence systems
Due Diligence Roles

• Downstream – Trace gold to refiners
• Refiners – Assess and address upstream risks
• Upstream – On-the-ground due diligence
• All – Collaborate to assure conflict-free gold
Problem: Artisan Mining

• Lack of resources, capabilities
• Need for formalization, legalization
• Need for commercial channels to markets
• Appendix 1: Suggested Measures
Q&A

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