

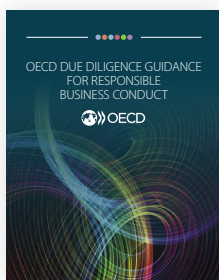
OECD Due Diligence Guidance in the Electronics Sector

The OECD has developed recommendations and tools to help companies in the electronics sector identify, prevent, and mitigate risks of contributing to negative impacts through sourcing practices and business relationships along the value chain.



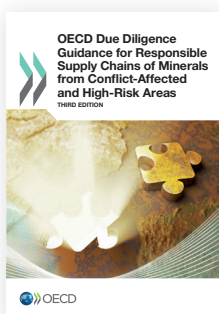
The OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines)

- High level recommendations to all businesses on responsible business conduct (RBC)
- Comprehensive themes including employment, human rights, environment, disclosure, bribery, consumer interests, science and technology, competition, and taxation
- A key element is the recommendation to conduct due diligence along the full value supply chain



The OECD Due Diligence Guidance for Responsible Business Conduct (OECD Due Diligence Guidance for RBC)

- A framework to help companies understand the due diligence component of the OECD MNE Guidelines
- Provides answers to questions on the due diligence process and examples of recommended good practices that companies can put into action



The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Minerals Guidance)

- Detailed recommendations on due diligence related to sourcing of all minerals and metals
- Applies to all companies in the minerals supply chain, including electronics companies
- Specific recommendations for when companies are sourcing from conflict-affected or high-risk areas

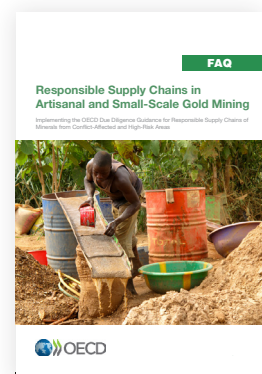
For electronics supply chains, the relevant OECD tools are the Minerals Guidance (for addressing risks related to minerals and metals sourcing) and the Due Diligence Guidance for RBC (for addressing a broader set of risks, including those associated with the manufacturing process). Companies should first refer to the Minerals Guidance and complement the process using the Due Diligence Guidance for RBC.

The OECD has also developed specific tools to address risks of child labour in the minerals supply chain and to encourage the inclusion of artisanal miners in responsible supply chains.

More tools can be found online at mneguidelines.oecd.org.



Practical actions for companies to identify and address the worst forms of child labour in minerals supply chains



Frequently Asked Questions when sourcing from artisanal and small scale miners

Simplified illustration of the electronics supply chain and which OECD guidance to refer to:



Upstream Risks

related to sourcing minerals & metals

Downstream Risks

related to manufacturing

Risks associated with production and trade of minerals and metals:

Serious abuses of human rights:

- Torture
- Forced labour
- Worst forms of child labour
- Widespread sexual violence
- Violations of International Humanitarian Law

Financial crime:

- Financing of non-state armed groups
- Illegal control by security forces
- Bribery and corruption
- Money laundering
- Tax evasion

Reference

OECD Minerals Guidance

- Electronics companies should map their supply chains to the smelters/refiners
- Downstream companies should assess the due diligence of smelters/refiners in their supply chains (3rd party audits)
- Companies are encouraged to complement individual due diligence efforts through collaborative industry associations and audit programmes

Risks associated with manufacturing operations:

Human rights and labour violations :

- Unsafe working conditions
- Forced labour
- Young workers
- Infringement on right to organise
- Exposure to hazardous materials

Environmental degradation:

- Unsustainable use of materials
- Lack of recycling

Financial crime:

- Bribery and corruption
- Tax evasion

Reference

OECD Due Diligence Guidance for RBC

- Electronics companies can use the risk-based framework to address risks along the entire electronics supply chain
- Electronics companies can better understand technical aspects of due diligence:
 - Risk based due diligence
 - Expectations when companies cause, contribute or are directly linked to adverse impacts
 - Scale, Severity, Irremediable character of negative impacts
- The guidance also provides answers to frequently asked questions including applying a gender-lens to due diligence and expectations on company reporting

mneguidelines.oecd.org

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