WHAT IS ‘DUE DILIGENCE’?

The term ‘due diligence’ means acting with reasonable care, identifying risks and considering appropriate corrective actions before making a decision.

In the context of minerals and metals and supply chains, the process of due diligence allows companies to check that minerals and metals entering their supply chain are sourced responsibly, and act upon it should it not be the case.

Due diligence is a process that involves identifying, preventing, mitigating and remediating the actual and potential risks of contributing to activities that fuel violence and human rights abuses, and negative environmental impacts.

It is an on-going, proactive and reactive process that can be improved over time.

WHY PERFORM SUPPLY CHAIN DUE DILIGENCE?

Besides the need to comply with the EU ‘Conflict Minerals’ Regulation (if you fall within its scope), there are risk management, commercial and business efficiency benefits to performing supply chain due diligence.

There are also social benefits, which arise from taking steps to ensure minerals and metals in your supply chain are sourced responsibly and thus have not contributed to harming people or the environment.

The responsible mining and sourcing of natural resources, especially minerals and metals, has the potential to contribute significantly to sustainable development in some of the world’s poorest countries. You and your business have a crucial role to play in making this a reality.
PROTECT AND BUILD PROFIT, COMPETITIVE ADVANTAGE, VIABILITY, AND VALUE

Customers, suppliers, regulators, investors, non-governmental organisations (NGOs) and end-consumers are increasingly asking companies, including SMEs, to demonstrate that minerals and metals entering their supply chains haven’t contributed to harming people or the environment. Many companies require evidence of supply chain due diligence in their supplier agreements.

By performing comprehensive and regular due diligence, you demonstrate to existing and future clients your commitment to responsible supply chains and are therefore better positioned to pursue commercially astute opportunities.

Conducting due diligence on supply chains allows you to identify and address potential risks that, if left unmanaged, could have damaging impacts on how your company is perceived by the public and clients. Most importantly, it will ensure that your company does not contribute to harming people and the environment.

MINIMISE LIABILITIES AND PROTECT MARGIN

Due diligence enables you to develop appropriate risk management and responsible sourcing solutions that can be deployed rapidly. It may mean you will engage with your suppliers and clients more often. By strengthening these relationships and asking your suppliers the right questions, you will be more likely to gain insights into risks that could pose a threat to your company and potential impacts that could cause harm to others. These risks could have negative legal, financial and/or reputational impacts on your business.

DRIVE PERFORMANCE FOR YOU AND YOUR SUPPLIERS

Due diligence can become part of your daily business and operation risk management system. By having a full oversight of your supply chain, your company will be able to be proactive, not reactive, when risks of disruption in your supply chain arise.

You will be prepared for audits, requests for information from suppliers and customers, and may increase the value of your business.

Ultimately this builds trust and will ensure a more efficient and effective management of complex and global supply chains for you and your suppliers, as well as your customers.