

Extractives Due Diligence Case Studies

Good due diligence is an indispensable risk measurement and mitigation tool for the extractives industries. Dominated by public companies, each new venture requires a significant financial and reputational investment, usually in environments fraught with the risk of bribery and corruption, sanctions, regulatory enforcement, and ESG concerns. Further up the supply chain, key material vendors, smelters, factory partners, and distributors are dispersed globally with multi-strain sourcing of materials intensifying risk. Managing these risks requires local knowledge and judgment. Human-led due diligence is an essential tool to distinguish those critical risks from unsupported allegations. PSA's comprehensive approach empowers extractives companies to make informed decisions, contribute to responsible sector growth, and navigate this complex global business environment.

REGIONAL CASE STUDIES

Russia

Following Russia's invasion of Ukraine in 2022 and the fast-moving EU and US sanctions, multiple Western extractive companies working in Russia and across the CIS engaged PSA to rapidly investigate key regional partners, mapping the nexus of ownership of each to identify any association with sanctioned persons or entities. PSA was able to immediately begin separating those entities with secondary sanctions risk from others, providing clients with close to real-time updates so immediate action could be taken. PSA was subsequently re-engaged to verify claims by companies that failed the initial vetting, that they had taken subsequent steps to remove sanctioned parties from ownership chains and control of the businesses.

Middle East

A US oil and gas exploration company with previous FCPA sensitivities was initiating an E&P program on a new site. The sites and access roads were administered by a complex and overlapping series of local tribes that the client needed to engage for peaceful and reliable access. Complicating matters, the more influential local tribal leaders all held government positions, creating potential political exposure under the FCPA if contracted with directly. The client engaged PSA to map the relevant tribes and territory, and to identify the government positions held by key counterparties. Forewarned, the client was able to effectively navigate the needs of access, and engagement, and manage shareholder-driven PEP and regulatory concerns.

Democratic Republic of Congo

A world-renowned jewelry manufacturer engaged PSA to conduct investigative due diligence on certain precious metals and gemstone mining vendors in the Democratic Republic of Congo, Namibia, Botswana, and South Africa. Based on similar work PSA had completed previously, our team assisted the client in first categorizing their vendors from highest to lowest risk and swiftly began conducting on-site diligence and discreet source inquiries into the background of those vendors with the highest risk for ethics, compliance, and reputational issues.

TOPICAL CASE STUDIES

Regulatory Risk

In vetting a prospective partner for a British oil and gas company in Libya, PSA identified a Facebook comment in Arabic alleging that the Maltese-registered Libyan-based counterparty had a history of public bidding irregularities. PSA was able to quickly engage with existing high-level resources in Libya already familiar with the company and its management. PSA then conducted discreet inquiries with former employees in Libya and former managers abroad. It was quickly identified that the irregularities were an easily discoverable and widely-known history of collusive practices, bid rigging, corrupt payments, and often blatant bribes to government officials for over 20 years.

Conflict Minerals + Modern Slavery

A publicly listed US battery manufacturer engaged PSA to verify the origin of the cobalt and other conflict-prone minerals in its supply chain. The client was responding to recent allegations published by an environmental NGO that materials used in its products had been sourced from mines using slave labor. Relying on customs and import records, local resources in India, Dubai, and Central Africa, and former employees and local industry expertise, PSA was able to trace the client's supply chain from the smelter back to a series of large Western-owned mines. We recovered copies of the anti-forced labor policies in place at these locations, and with these documents the client was able to demonstrate that the original allegation had no factual basis and was likely the result of shareholder activism.

Climate and Energy Lobbying

Since 2020, PSA has supported a range of extractives industry clients in the annual preparation of their climate and energy transition lobbying reports. These reports are built to support disclosure and to increase transparency around environmental lobbying by member associations on behalf of major extractives companies. Every year PSA conducts an independent review of each of the regional and local trade associations financially supported by our clients. Through multilingual research, commentary by local industry observers, and a detailed review of the policies, activities, and public statements of these organizations, PSA identifies remedial action for those member groups who continue to engage in activities contrary to our client's responsible positions on global climate, environment, and energy transition policy.

Disclaimer: To safeguard our clients and their interests, important details regarding our previous experience have been changed to intentionally obscure the nature of the assignments and the Parties involved. Similarities to any real person(s), companies, or events is purely a coincidence. In the event that we state a Party is guilty, it is understood that the Party rejects this assertion, and has refuted this statement.

In 2023, PSA provided services in 151 countries on six continents.

PSA supports a truly global portfolio of 250+ multinational clients to mitigate risk in every corner of the world.



● Countries with completed reports in 2023.



Pacific Strategies & Assessments

Established in 2000, PSA is a specialist risk consultancy delivering critical information to our clients through our Due Diligence, Investigations, and Advisory services. We operate where our clients do business, with regional offices staffed by investigators and responders who have extensive in-region experience gained from professional

backgrounds in corporate investigations, government intelligence and law enforcement. With a disciplined focus on information collection, we have a 23-year track record of supporting businesses in conducting assessments of complex operating environments.



Due Diligence

Our DD products are tailored to our clients' needs and based in deep understanding of best practices and regulatory guidelines. We scale from desktop research to on-the-ground investigations with multiple process-based due diligence options.



Investigations

PSA has a proven record in supporting companies in complex, international investigations. Our investigative abilities can be scoped to accommodate a variety of engagements, including whistleblower response, fraud investigations, and asset tracing.



Advisory

PSA provides strategic guidance to firms to address specific concerns. We tailor services to support clients on a variety of complex issues, including complex disputes, country-specific operational risks, emerging regulatory issues, and point-specific human risks.