



# **Conflict Minerals in the context of Sustainable and Responsible Sourcing and Extraction of Raw Materials**

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## European Union:

- is committed to implement Sustainable Development Goals
- promotes Sustainable and Responsible Sourcing and Extraction of Raw Material globally through its policies and actions, for example policy dialogues, partnerships, and its industrial, trade, environmental, fiscal, research&innovation and development policies.
- encourages countries producing/extracting raw materials to develop and implement policies on Sustainable and Responsible Extraction of Raw Materials.
- encourages countries importing raw materials to develop and implement policies on Sustainable and Responsible Sourcing of Raw Materials.

# Key projects



## Few examples of EU actions on responsible and sustainable sourcing of raw materials:

- Conflict Minerals Regulations (EU 2017/821) and its accompanying measures.
- Non-financial Reporting Directive (2014/95/EU).
- Horizon 2020 projects:
  - Strategic [Dialogue on Sustainable Raw Materials for Europe](#) (STRADE) .
  - Project MIREU on Sustainable Metallurgy and Mining Regions and its task to develop a voluntary guide and a tool-box on negotiating Social Licence to Operate.
  - Envisaged call on Responsible sourcing of raw materials in global value chains (2019).
- European Partnership for Responsible Minerals (co-financed by the EU – €5,4mIn).
- Extractive Industries Transparency Initiative (EU financial contribution in 2016-2018: €0,75mIn + policy guidance).
- Raw Materials Information System has a section on environmental&social sustainability, including a mapping of key actions and polices on Responsible and Sustainable Sourcing and Extraction of Raw Materials in the context of implementing SDGs.
- G7 CONNEX Initiative and a Support Unit launched by the German Government in January 2017.
- Cooperation between the Commission and Rio Tinto, Anglo American (and other stakeholders) on responsible mining in South Africa, Zambia and Namibia.
- 2017 EU-Canada Declaration *inter alia* promoting cooperation on Responsible Sourcing and Extraction of Raw Materials in the context of SDGs.
- Raw Materials Weeks (2017 and 2018) discuss Responsible and Sustainable Sourcing and Extraction of Raw Materials.

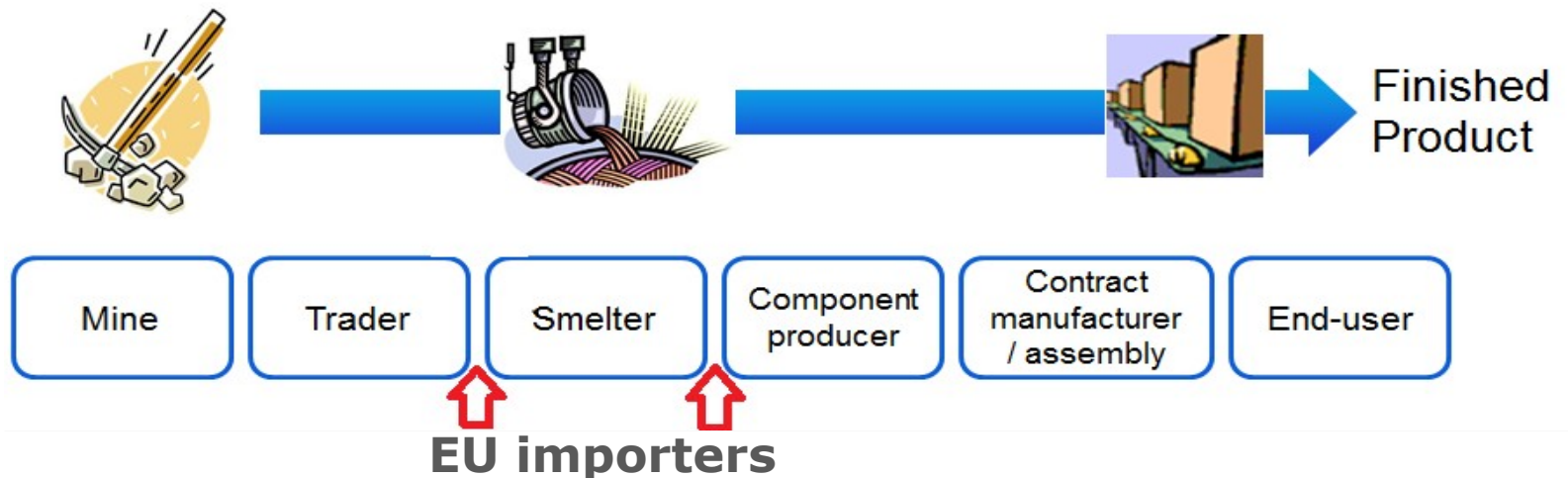


**Regulation entered into force 8 June 2017 and will apply to EU importers as of 1 January 2021**

## Main elements

1. Mandatory due diligence for European Union importers of 3TG minerals and metals where annual import volumes exceed thresholds

2. (



# EU Regulation – supporting elements

- EU recognition of supply chain due diligence schemes, largely based on OECD methodology and criteria
- Member States competent authorities to carry out ex-post checks and report annually
- EU list of global responsible smelters/refiners
- External expertise to provide an indicative, non-exhaustive list of conflict-affected and high-risk areas.
- Commission guidelines on ex post checks and the identification of CAHRAs.
- Review in 2023, and every three years thereafter (including an assessment of uptake among downstream companies and impact on the ground)

# Supporting and accompanying measures



# Implications for Latin America?

- Contrary to the US approach (focusing on DRC and adjacent countries), EU Regulation has a *global reach* (theoretically including sourcing from all countries)
- The EU is not regulating companies in source countries (no jurisdiction!), but EU importers.
- The EU Regulation focuses on risks relating to conflict-affected and high-risk areas – other potential concerns (e.g. environmental or labour) are not covered.
- Exporting countries / companies will face questions from EU importers to ensure transparent supply chains and identification of risks.
- Latin American exporters of e.g. gold should be in a position to provide full transparency on the supply chain, starting at the site of extraction; and ensure no links to armed groups.

# Implications for Latin America?

## Non-binding guidelines for the identification of conflict-affected and high-risk areas and other supply chains risks under the Conflict Minerals Regulation (Article 14(1) )

- The non-binding guidelines should be adopted by the Commission in 2018.
- It will be a very specific set of guidelines on the definition of conflict-affected and high-risk areas as such and not a broader set of guidelines to companies on how to implement the regulation.
- the Commission would (subsequently) call upon external expertise that will provide an indicative, non-exhaustive, regularly updated list of conflict-affected and high-risk areas.
- It shall facilitate and **promote** the responsible importation into the EU of minerals and metals from conflict-affected and high-risk areas without contributing to armed conflict and associated human rights abuses, **thereby contributing to economic development and the livelihood of local communities.**





## SME support system for supply chain due diligence

DG GROW published in January 2018 a study on designing a **Support system for SME supply chain due diligence**.

1. This study will be followed by an implementation phase project in 2018-19 (budget €0,5mln).
2. The support system can be operational by the end of 2019.



1. Aim of the of that capacity building project:
  - implement a comprehensive SME due diligence support system with regard to mineral and metals with a focus on 3TG
  - contribute to achieving the objectives of the Regulation
  - limit and/or offset the administrative challenge facing SMEs by the Regulation
  - provide SMEs with due diligence capacity to remain competitive in increasingly responsible global mineral supply chains.
2. This will be available to SMEs irrespectively whether they have obligations under the Regulation.
3. Such increased capacity shall translate directly into **competitive advantage** in responsible supply chains and better access to global markets.
4. The Commission will specially look into how to promote competitive advantage for SMEs applying the due dilligance.



## Reflection points:

- How to create a competitive advantage for SMEs applying the due diligence?
- How to educate EU SMEs to create sustainable opportunities for and address concerns of Latin American countries?
- Could Latin American countries be interested to use the tool later on?
- Consequently, should the tool be translated into Spanish and Portuguese?
- The project will also consist of building Networks and Communication Campaign, including organizing workshops and conferences. Do Latin American countries have an interest in this regard?

**Overall, applying OECD Due Diligence in the context of the EU Conflict Minerals Regulation should become an opportunity and not a risk.**

# Thank you!



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## **Raw Materials Initiative:**

[https://ec.europa.eu/growth/sectors/raw-materials/policy-strategy\\_de](https://ec.europa.eu/growth/sectors/raw-materials/policy-strategy_de)

## **Policies and actions of the EU related to raw materials and SDGs:**

<http://ec.europa.eu/DocsRoom/documents/25401>

# EU Regulation – 5-step approach to due diligence

**Obligations for EU importers consistent with the 5-step framework for risk-based due diligence set out in the OECD Due Diligence Guidance**

# EU project support - a few examples

- Support to the International Conference for the Great Lakes Region - Regional Initiative on Natural Resources
- Support to the OECD work on due diligence and responsible sourcing
- Support to Burkina Faso, Ivory Coast, Central African Republic (gold and artisanal mining)
- Support to the European Partnership for Responsible Minerals