



Conflict Minerals

*EU regulation towards
responsible mining*

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Natural Resources and conflicts

- UNEP: last 60 years, at least 40 percent of all intrastate conflicts have a link to natural resources.
- Extraction of raw materials is almost always connected to environment degradation or destruction and often to human rights violations – political killings, militarization, loss of livelihood, violations of human rights (food, health, housing, etc.) and Indigenous Peoples’ Rights and labour rights
- Last 25 years: at least 18 violent conflicts have been fuelled by the exploitation of natural resources
 - “Blood diamonds” in Sierra Leone
 - “Blood minerals in mobiles” (tantalum, tin, tungsten and gold) in DRC

Democratic Republic of Congo

Photoquelle: Fairpone / Flickr

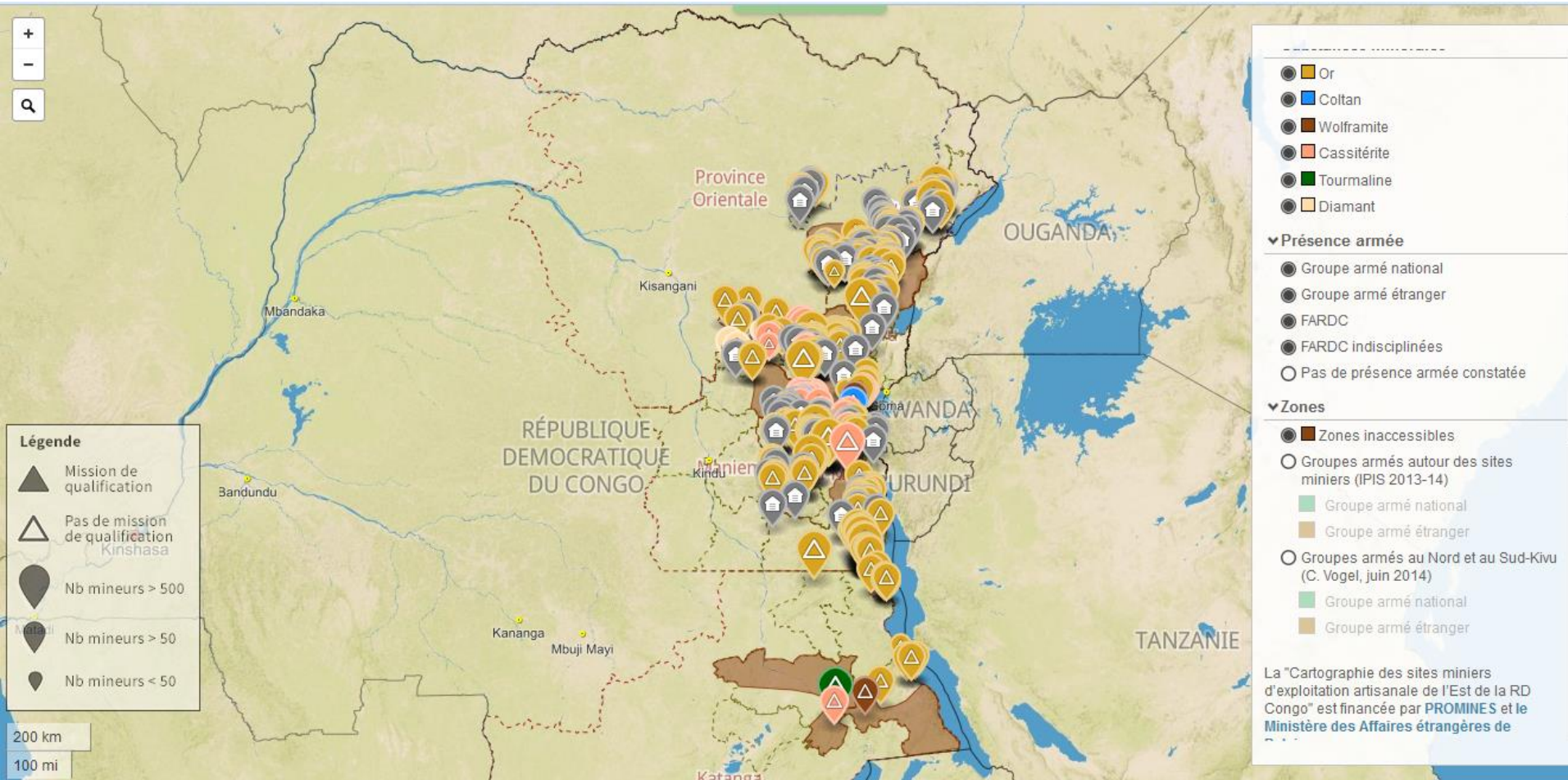


- 1998 – 2003: 5.4 million killed people
- Resources were not cause of conflict, but helped to perpetuated the fights
- (Illegally) armed groups are still financing their weapons and soldiers through controlling mines and/or trade of raw materials

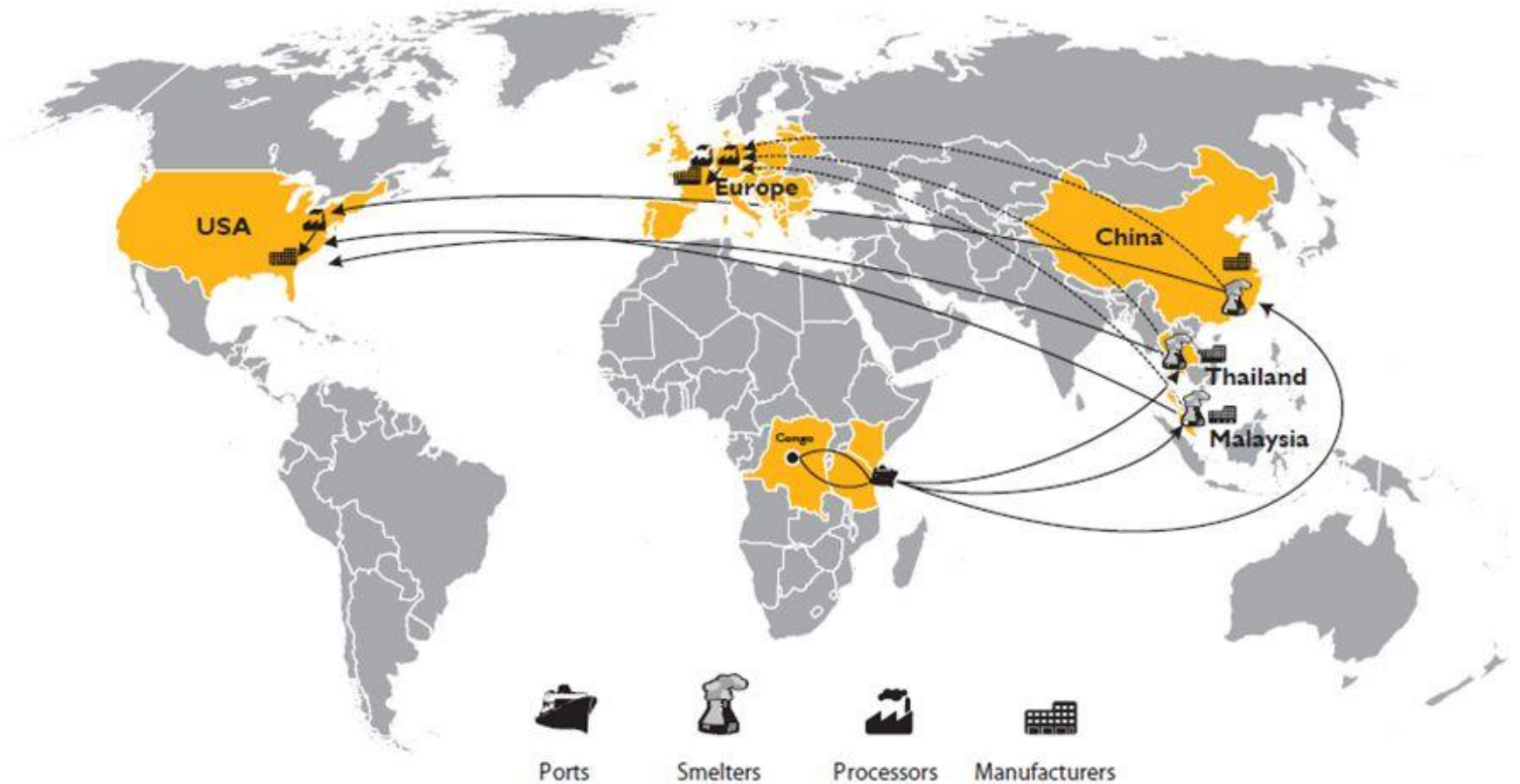


IPIS – Conflict Mapping

<http://www.ipisresearch.be/mapping/webmapping/drcongo/>



Conflict Minerals Supply Chain



Smelter is at key point in supply chain to enforce responsible purchasing

Increase of voluntary initiatives

Voluntary Initiatives by Companies (TNCs) :

Aluminium Stewardship Initiative (ASI), Electronic Industry Citizenship Coalition (EICC), Global e-Sustainability Initiative (GeSI), Conflict-free Smelter Program (CFSP), International Council on Mining and Metals (ICMM), ITRI: Tin Supply Chain Initiative (iTSCi), International Cyanide Management Code (ICMC), Voluntary Principles on Security and Human Rights, Responsible Jewellery Council (RJC), World Gold Council, Etc.

Government Initiatives:

- OECD Guidelines for multinational enterprises, Kimberley Process, Extractive Industries Transparency Initiative (EITI), Etc.

US Dodd Frank Act

- July 2010: USA past **Dodd-Frank Wall Street Reform and Consumer Protection Act**
- Section 1502: companies listed on an US stock exchange have the obligation to report annually to the US *Security and Exchange Commission* (SEC), if they use so called conflict minerals in the production or for the functionality of their manufactured products along the supply chain.
- „Conflict Minerals“: **Tantalum, Tin, Tungsten and Gold (3TG)**
- Regional focus on: **DRC and 9 adjoining countries**
- First reports published on 31. May 2014 - these reports „**companies are only scratching the surface of conflict minerals reporting**“ (Report 2015 von AI und GW), **but it is a beginning!**

Mandatory is working!

- Dodd-Frank-Act is not perfect, but industry started to care from where they source
 - Apple:
 - February 2014: 80 of 184 smelters are part of CFSP
 - May 2014: 106 smelters (190)
 - February 2015: 135 (+ 64 with similar standard like CFSP) and only 26 without standard

Conflict Sourcing: Colombia

BloombergBusiness

News Markets Insights Video



Terrorist Tungsten in Colombia Taints Global Phone-to-Car Sales

August 8, 2013 – 6:00 AM CEST



■ A work crew from the FARC's Tiger Hill mine drags a boat past rapids on the Inirida River in Colombia's Amazon. Photographer: Carlos Villalon/Bloomberg Markets.

Civil Society: Break the links between natural resources and conflicts!

- March 2014: EU-Commission presented a regulation with a **voluntary self-certifying** scheme for smelters, refineries and traders of tin, tungsten, tantal + gold and a **white list**
- NGOs recommend:
 - Creates a **legally binding obligation on business to conduct supply chain due diligence** to identify and mitigate the risk of **conflict financing and human rights abuse**;
 - Applies to **all segments of the supply chain**;
 - Has a **global geographical scope**;
 - Has a **broad material scope** applicable to all natural resources;

European Parliament (20. May)

INTA Committee: mandatory only for smelters and refineries (19 companies)

EP vote: New Recital §9(a): “**need for due diligence along the entire supply chain from the sourcing site to the final product** (...).

- Amendment 154: Regulation “lays down the supply chain due diligence obligations of **all Union importers who source Minerals and metals** falling within the scope of this Regulation, in accordance with the **OECD Due Diligence Guidance**”.

EP: Amendment 155

- This requires them to “take all reasonable steps to identify and address any risks arising in their supply chains for minerals and metals coming within the scope of this Regulation”, in accordance with the OECD Guidance. They must also “provide information on the due diligence practices they employ for responsible supply chain”

UPSTREAM COMPANIES

SUCH AS SMELTERS AND REFINERS

Smelters and refiners work their suppliers to trace supply chains back to their origin, and look for risks along the way, including at mine sites, along transport routes, and in trading centres

DOWNSTREAM COMPANIES

SUCH AS THOSE MANUFACTURING PRODUCTS

Companies contact their suppliers and work together to trace their supply chains back to smelters/refiners



Timeframe

- Governments have to form their position, advocacy is important right now!
- Industry is lobbying already heavily
- October 2015: Member States will decide about their positions
- Est. December 2015 or January 2016: Trilogue (Commission, Parliament and Member States) will start
- Spring / Summer 2016: European conflict minerals regulation

EP: Amendment 154

Companies are required to develop a company policy that sets out their commitments to responsible sourcing (OECD Guidance), and to put in place a chain of custody or traceability system that allows them to better understand their supply chains (Article 4). They are expected to use this information to identify risks, and implement a strategy to address them (Article 5). These companies are also required to carry out an independent third-party audit of their due diligence practices (Article 6), and to publicly report (Article 7).



More information online:
<http://power-shift.de>