

Guide

An Introduction to the

European Union Conflict Minerals Regulation

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Background on the European Union Conflict Minerals Regulation

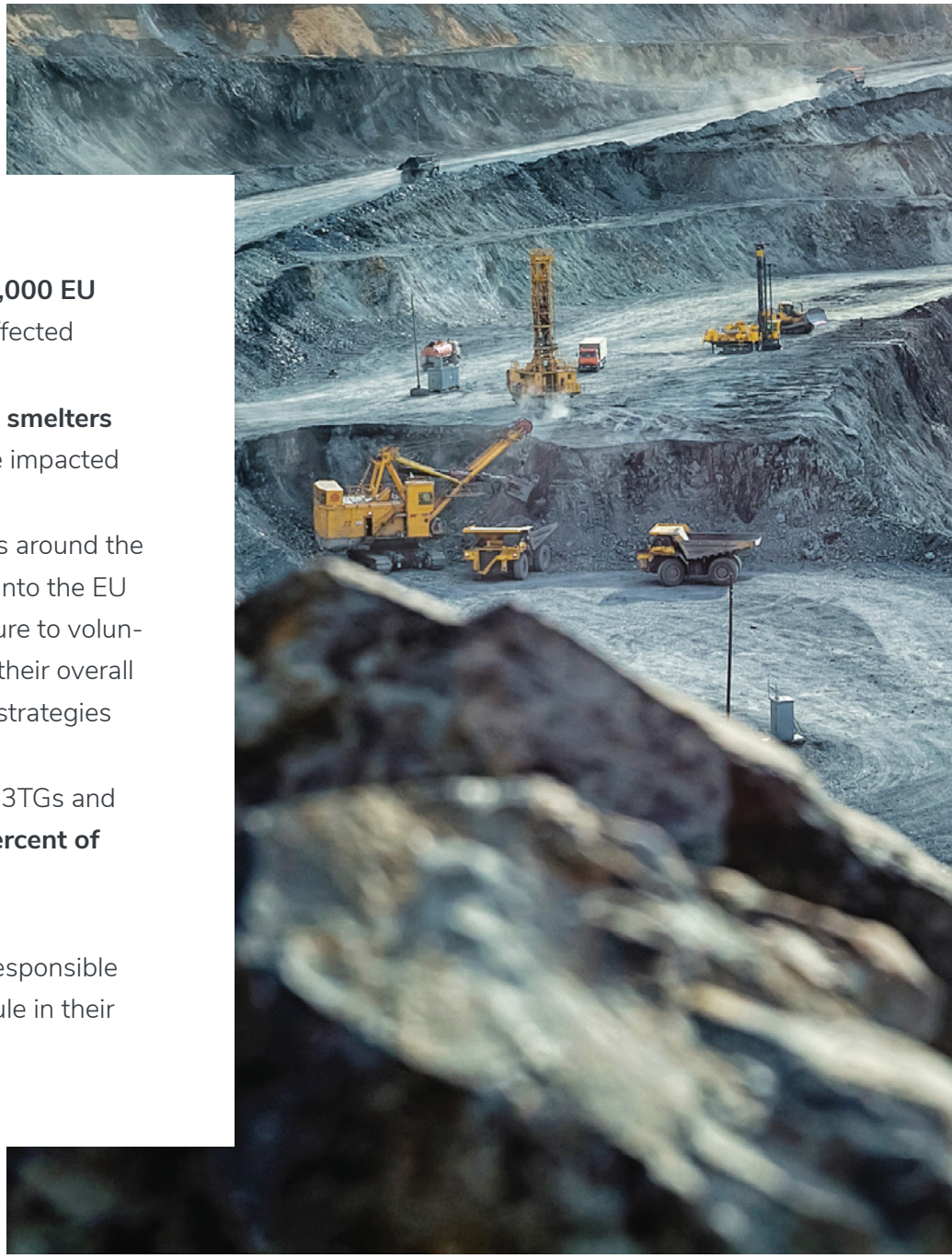
On April 3, 2017, the European Commission adopted a new binding regulation on mineral imports from conflict-affected zones. When it came into effect in January 2021, EU importers of tin, tungsten, tantalum, and gold (3TGs) were required to undertake due diligence to ensure their supply chains do not contribute to armed conflict and instability in the Democratic Republic of the Congo (DRC) and designated conflict-affected and high-risk areas (CARHAs).

Many manufacturers have also stated they will voluntarily report under the EU Conflict Minerals Regulation as an extension of existing responsible minerals programs, and/or their Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act programs.



3TGs & Complex Manufacturers

From a regulatory perspective, conflict minerals are usually referred to as the **3TGs**: columbite-tantalite (the metal ore from which **tantalum** is extracted); cassiterite (the metal ore from which **tin** is extracted); wolframite (the metal ore from which **tungsten** is extracted); **gold**; or their derivatives. They can be found in most sectors, including the automotive, apparel, electronics, construction, medical, and aerospace industries, making comprehensive scoping and due diligence essential for a variety of companies in scope.



Approximately **600 to 1,000 EU importers** are directly affected

Approximately **500 3TG smelters and refiners** globally are impacted

Thousands of companies around the globe that sell products into the EU have seen market pressure to voluntarily report as a part of their overall corporate responsibility strategies

Threshold standards for 3TGs and ores cover at least **95 percent of all EU imports**

EU member states are responsible for enforcement of the rule in their own jurisdiction



History of the Law's Creation

In its resolutions of October 7, 2010; March 8, 2011; July 5, 2011; and February 26, 2014, the European Parliament called for the EU to legislate along the lines of the U.S. law on conflict minerals, Section 1502 of the Dodd-Frank Act.

2014

The European Commission issues the first proposed regulation

June 2016

Political agreement and the first nine points

November 2016

Trilogue negotiations completed

December 2016

The Council of the EU approves text

January 2017

The European Parliament's Internal Trade Committee approves the text

March 16, 2017

European Parliament approves the legislation

MAY 17, 2017

Final step complete: EU Conflict Minerals Regulation signed into law

Why the Change in the EU?

The rule seeks to break the link between conflict and the illegal exploitation of natural minerals in conflict zones. While these minerals hold strong potential for development, their trade can contribute to the perpetuation of armed violence, instability, insecurity, and associated human rights violations in the areas where they are mined. Engaging in responsible minerals sourcing through supply chain due diligence is one way businesses can encourage peace, development, and political and human security in conflict zones.



> *[The EU has] put its foot down on the issue of the corporate responsibility of multinationals.*
>
> — European Parliament member Emmanuel Maurel

What Will Compliance With the Regulation Look Like?

The regulation states that due diligence will need to be in line with the Organisation for Economic Co-Operation and Development (OECD)'s Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The steps laid out in the guidance are intended to help companies identify, mitigate, and prevent the risks associated with the extraction, handling, manufacturing, and sale of conflict minerals throughout their operations.

The guidance requires EU importers of 3TGs to:

- Establish strong company management systems to support supply chain due diligence
- Identify and assess risk in the supply chain through comprehensive surveying
- Design and implement a strategy to respond to the risks identified
- Carry out an independent third-party audit of supply chain due diligence at various points in the supply chain
- Report on efforts made toward supply chain due diligence policies and practices as an integral part of their wider sustainability and environmental, social, and governance (ESG) programs

Who Is Considered an Importer Under the Regulation?

The rule deems EU importers to be any natural or legal person declaring the release of minerals or metals for free circulation within the meaning of Article 201 of EU Regulation 952/2013, or any person on whose behalf such a declaration is made.

Due Diligence in Action

Regardless of whether your organization is in scope of the EU Conflict Minerals Regulation, supply chain due diligence is an essential aspect of ESG, as are standards such as IPC-1755 and supplier codes of conduct for a range of purchasing partnerships. Furthermore, the European Commission has committed to getting downstream companies using 3TGs to undertake due diligence voluntarily. If voluntary uptake is poor, they will make it mandatory.

Companies in scope of OECD guideline requirements are obliged to conduct supply chain surveying, data collection, data analysis, and reporting to comply with the rule.





The Assent Advantage

Assent's supply chain sustainability management solution allows complex manufacturers to survey suppliers using an industry-standard format, and assess declarations for overall risk, smelter risk, and status. By combining the Assent Supply Chain Sustainability Platform with Managed Services, Assent's clients receive guidance, expertise, and hands-on support with their conflict minerals programs.

To learn more about Assent's conflict minerals solution, contact **info@assent.com**.

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