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**JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE  
COUNCIL**

**Responsible sourcing of minerals originating in conflict-affected and high-risk areas**

**Towards an integrated EU approach**

## INTRODUCTION

International trade in minerals sourced from unstable regions of the world can play a role in intensifying and perpetuating violent conflict. Although rarely the root cause, such trade provides significant financial means to armed movements to sustain their fighting ability, with serious consequences for millions of people caught in the violence.

This problem is most acute in Africa, particularly in the Great Lakes Region (GLR). The Heidelberg Institute<sup>1</sup> reports that the combination of natural resources and conflict is present in about 20% of the almost 400 conflicts it has registered: resource-related conflicts are currently prevalent in Africa (27 cases) and the Americas (21 cases), but less prevalent in Asia and Oceania (11 cases), the Middle East and Maghreb (7 cases) and Europe (4 cases). The overall global situation is not static and the risk of deeper or new conflicts, in which natural resources play a role, remains.

Breaking the link between minerals extraction and conflict is a complex challenge. The root and proximate causes of the problems must first be identified as should the triggers of conflicts and structural fragility, their dynamics, and the roles of the various actors involved. Solutions must take account of instability drivers such as weak governance, absence of security, inability to ensure the rule of law, poverty, lack of services and infrastructure, endemic corruption and on-going political and land disputes, and involve a broad range of actions – domestic, international, political, trade and educational, a large number of which are already underway.

Any new trade-related EU action in this area needs to be placed in this broader context and complement the EU's foreign policy and development cooperation initiatives. It must also take account of the situation of EU companies and EU's policies in their regard.

This joint Communication by the European Commission and the High Representative presents a series of initiatives reflecting these considerations. It is based on the view that responsible behaviour by companies operating in conflict-affected or high-risk areas can play a powerful and positive socio-economic role in affected areas. It builds on the 2011 and 2012 Communications<sup>2</sup> in which the Commission outlined its intention to explore ways of improving transparency, including due diligence, throughout supply chains, for situations where revenues from extractive industries are used to fund wars or internal conflicts in resource-rich developing countries.

This Communication accompanies a Commission proposal for a Regulation of the European Parliament and the Council setting up a Union system for supply chain due diligence self-certification of responsible importers of tin, tantalum and tungsten, their ores, and gold<sup>3</sup> originating in conflict-affected and high-risk areas<sup>4</sup>. It outlines accompanying measures that

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<sup>1</sup> *Conflict Barometer*, Heidelberg Institute for International Conflict Research, 2012.

<sup>2</sup> COM(2011) 25 FINAL and COM(2012) 22 FINAL.

<sup>3</sup> Two leading international due diligence instruments cover those four minerals; see also section 1.2.

<sup>4</sup> Proposal for a Regulation of the European Parliament and of the Council setting up a Union system for supply chain due diligence self-certification of responsible importers of tin, tantalum and tungsten, their ores, and gold originating in conflict-affected and high-risk areas.

will enhance the impact of the Regulation and an integrated EU approach, drawing on a public consultation, stakeholder meetings and an impact assessment carried out in 2013<sup>5</sup>.

The integrated approach set out in this Communication addresses three main issues: reducing the opportunities for armed groups to trade in tin, tantalum, tungsten and gold in conflict-affected areas; improving the ability of EU operators – especially in the downstream section of the supply chain – to comply with existing due diligence frameworks; and reducing distortions in global markets for the aforesaid four minerals sourced from conflict-affected and high-risk areas as is currently the case in the Great Lakes Region.

## **1. CONTEXT**

### **1.1 Natural resources as a driver for development**

Mineral extractive industries have the potential to significantly contribute to economic development around the world. The UN Industrial Development Organisation reports<sup>6</sup> that mining output accounts for 24% of Africa's GDP and for 9.9% and 20.4% in Latin America and Asia respectively. Africa<sup>7</sup> alone hosts 30% of the world's mineral reserves and an even higher proportion of deposits of gold, platinum, diamonds and manganese. Asian and Pacific countries are among the principal producers of tungsten, nickel, copper, tin and iron ores, and host a sizeable share of the world's metal smelters. Mineral exports also account for large economic gains in Latin America<sup>8</sup>, particularly Bolivia, Columbia and Peru and, more recently, Guatemala.

However, many of the countries endowed with vast natural resources score low on the UN Human Development Index. One explanation is that resource extraction presents a range of risks and challenges for development including through increased exposure to corruption, a tendency for resource exports to crowd out higher value-added economic activity, and increased environmental damage. Resource extraction is frequently linked to conflict and instability, the subject of this Communication.

The need to reduce some of these risks by improving the governance of natural resources has now gained a global profile. Three noteworthy examples, which the EU supports, relate to diamonds, financial transparency in the extractives sector and endangered plant and animal species, including timber:

- In 2000, the UN General Assembly unanimously passed a resolution condemning the role of diamonds in financing conflict and supporting the establishment of a global certification regime leading to the Kimberley Process Certification Scheme (KPCS). The EU implements the scheme through Regulation (EC) No 2368/2002.

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<sup>5</sup> Commission Staff Working Document, Impact Assessment, *Accompanying the document* Proposal for a Regulation of the European Parliament and of the Council setting up a Union system for supply chain due diligence self-certification of responsible importers of tin, tantalum and tungsten, their ores, and gold originating in conflict-affected and high-risk areas.

<sup>6</sup> *World Statistics on Mining and Utilities 2010* – mining output data 2007.

<sup>7</sup> *Africa Progress Report 2013*.

<sup>8</sup> In 2012, in Bolivia, the mining sector averaged 7.3% of GDP and 27.8% of total exports and in Colombia: 2.4% of the GDP and 17.1% of total exports. In 2011, in Peru, it averaged 14.5% of the GDP and 59% of total exports.

- At the World Summit on Sustainable Development in 2002, the Extractive Industries Transparency Initiative (EITI) was launched to reduce corruption by encouraging the public reporting of company payments to governments on the exploitation of natural resources. EU Directive 2013/34/EU contains provisions to promote financial transparency in the extractive and logging sector.
- In line with the 1973 UN Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the EU adopted Regulation (EU) No 995/2010 requiring all operators placing timber products on the EU market to exercise due diligence to stop illegal wood supply.

Experience in these areas can be used for the development of an integrated EU approach to promote the responsible sourcing of minerals from conflict areas. Through due diligence, companies can ensure that they respect human rights and do not contribute to conflict<sup>9</sup> and contribute to better governance in the extractives sector. However, due diligence must be encouraged in a way that does not deter legitimate mining activity and related trade in conflict-affected and high-risk areas.

## 1.2 Existing international responsible sourcing initiatives

The concept of *responsible sourcing* is referred to in the updated OECD Guidelines for Multinational Enterprises<sup>10</sup> and in line with the objectives and principles of the United Nations Guiding Principles on Business and Human Rights<sup>11</sup>. Both aim at encouraging businesses to proactively and reactively verify, through an ongoing process known as due diligence, that their commercial activities are not contributing to conflict and adverse impacts.

At the highest international level, UN Security Council Resolution 1952 (2010) - specifically targeted at the Democratic Republic of Congo (DRC) and its GLR neighbours - called for due diligence in supply chain management. In June 2013, G8 leaders expressed their commitment<sup>12</sup> to increase transparency in extractive industries and to support responsible sourcing of conflict-free minerals from conflict-affected regions. The G8 also announced partnerships with Burkina Faso, Colombia, Ghana, Guinea, Mongolia, Myanmar/Burma, Peru and Tanzania, that will see increased collaboration around natural resource management in support of policy reforms in these countries.

The EU is actively engaged in an OECD initiative on conflict minerals – the Due Diligence Guidance<sup>13</sup> - and made a commitment to promote its observance at the May 2011 OECD Ministerial Council. The Guidance seeks to help companies respect human rights and avoid contributing to conflict through their sourcing practices for tin, tantalum, tungsten and gold. It is global in scope and provides a process in which companies can voluntarily implement a system of controls and transparency over their mineral supply chain: collecting and disclosing

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<sup>9</sup> OECD (2013), *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Second Edition*, OECD Publishing, <http://dx.doi.org/10.1787/9789264185050-en>, page 8.

<sup>10</sup> OECD Guidelines for Multinational Enterprises, OECD 2011 edition.

<sup>11</sup> Guiding Principles on Business and Human Rights, UN Human Rights Office of the High Commissioner, New York and Geneva 2011.

<sup>12</sup> G8 Leaders' Lough Erne Summit, Communique, Paragraph 40, 18 June 2013.

<sup>13</sup> OECD (2013), *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas: Second Edition*, OECD Publishing, <http://dx.doi.org/10.1787/9789264185050-en>.

information to immediate purchasers on *inter alia* the mine of origin, trade routes and conditions in order to identify, assess and act on supply chain risks. An independent third-party audit is required at specific points in the supply chain. Companies are to publish an annual report on their policies and practices to generate public confidence in the measures they are taking.

In 2010, the United States passed the Dodd-Frank Wall Street Reform and Consumer Protection Act - the Dodd-Frank Act. Section 1502 thereof introduces supply chain transparency by requiring companies listed on US stock exchanges using "conflict minerals"<sup>14</sup> in their production processes to declare the origin of such minerals and perform appropriate due diligence. Section 1502 provisions are enforceable as of 31 May 2014 by which time affected companies must submit their first annual conflict minerals reports to the US Securities and Exchange Commission. Although the scope of the legislation is formally restricted to US-listed companies, it is having considerable effects abroad, including in the EU, mainly through global supply chains, because suppliers to US-listed companies are being asked to contribute due diligence information.

In 2010, the Heads of State and Government of the GLR - in the context of the International Conference for the Great Lakes Region (ICGLR) – pledged to fight the illegal exploitation of natural resources and approved a Regional Initiative on Natural Resources and its six dedicated tools, namely: the adoption of a regional certification mechanism; the harmonisation of national legislations; a regional database on mineral flows; the formalisation of the artisanal mining sector; the promotion of EITI and the deployment of a whistle blowing mechanism. This regional initiative has led to the enactment by the DRC and Rwanda in 2012 of legislation establishing due diligence requirements for their operators based on the OECD Due Diligence Guidance. Other GLR countries have also begun to implement the ICGLR framework.

These three initiatives have spawned or stimulated the further development of more specific public and private initiatives. A non-exhaustive list includes the International Tin Research Institute Tin Supply Chain Initiative, Certified Trading Chains Initiative, Conflict-Free Smelter Program, Analytical Fingerprint, Solutions for Hope, Conflict-Free Tin Initiative, Public Private Alliance for Responsible Minerals Trade, PROMINES, Trading Centres Initiative, Conflict-Free Gold Standard of the World Gold Council, the London Bullion Market Association's Good Delivery List, and the Responsible Jewellery Council's practices and standards.<sup>15</sup>

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<sup>14</sup> Defined in the Act as tin, tantalum, tungsten or gold, originating from the DRC or a neighbouring country.

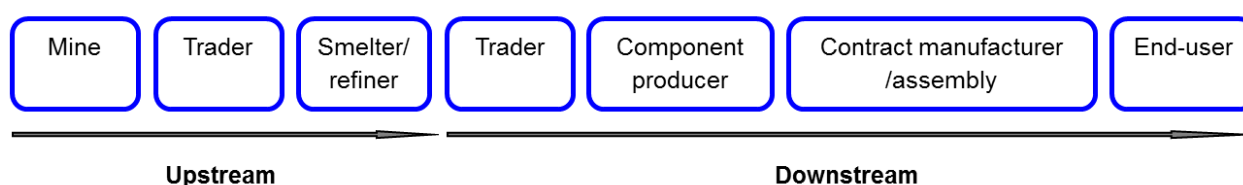
<sup>15</sup> *Conflict minerals - an evaluation of the Dodd-Frank Act and other resource-related measures*. Öko-Institut e.V. Freiburg, August 2013, Chapter 6.

### 1.3 Operating environment for EU companies

Figure 1 shows a simplified representation of a supply chain for minerals and metals. Upstream activities involve extraction, trade and smelting and are performed in the producing country. In most conflict-affected countries smelting takes place in a third country. Downstream activities involve trade, further transformation and assembly into a final product sold on to consumers. A broad range of industrial sectors trade or process tin, tantalum, tungsten and gold including automotive, electronics, aerospace, packaging, construction, lighting, industrial machinery and tooling as well as jewellery. Potentially, this includes some 880,000 EU companies, the majority small or medium-sized. The impact assessment carried out for the Regulation estimates that there are about 300 EU traders and around 20 smelters/refiners importing ores and metals derived from the four minerals and more than 100 EU component manufacturers importing derived metals. Globally, there are around 140 gold refiners and 280 smelters for the other three minerals.

Figure 1

#### Simplified supply chain



Minerals from conflict regions continue to be subject to demand from smelters/refiners. These operators are well placed to identify the origin of the purchased mineral. They are the last stage in the supply chain where it is still technically feasible to trace back the origin of minerals and can leverage responsible supply behaviour in producer countries. Existing due diligence initiatives recognise the value of working with responsible smelters. Based on European Commission own research only 16% of smelters worldwide and 18% of EU smelters for tin, tantalum and tungsten currently conduct due diligence. About 40% of the world's gold refiners and 89% of EU gold refiners are engaged in due diligence schemes.<sup>16</sup>

Although the OECD Due Diligence Guidance provides a framework for action, current compliance efforts are fragmented and interested companies are offered limited incentives to act. Half of downstream respondents to the public consultation expressed an interest – or are legally compelled mainly by the Dodd-Frank Act – to source responsibly and perform supply chain due diligence. Non-regulatory drivers of compliance include corporate social responsibility policies, image and consumer demand.

A 2013 study<sup>17</sup> shows that EU due diligence is not widely spread. Only 12% of companies listed on EU stock exchanges not directly subject to the US legislation refer to conflict minerals on their websites. This is partly because the OECD Due Diligence Guidance, the Dodd-Frank Act and the ICGLR framework are recent, but also because EU companies face implementation challenges (i.e. length of supply chains, multiple operators, lack of

<sup>16</sup> Gold data is sourced from the London Bullion Market Association most of whose members conduct due diligence. An estimated number of 50 refineries worldwide operate outside the Association.

<sup>17</sup> *Conflict due diligence by European Companies*, Stichting Onderzoek Multinationale Ondernemingen, October 2013.

awareness). However, 150,000-200,000 EU companies - mostly downstream operators - are involved in the supply chains of the 6,000 affected US-listed companies.

In the specific case of the GLR, further capacity-building is required in the region to ensure the successful implementation of the ICGLR framework. Compliance with the Dodd-Frank Act in particular presents an additional challenge. There are indications that this Act has worked as a deterrent to source minerals from the GLR, regardless of whether the minerals are legitimately extracted or not<sup>18</sup>. Some affected companies are pursuing a no-risk strategy and source from mines outside the region or even outside Africa. The remaining “conflict-free” minerals struggle to reach US or EU markets and are frequently traded at below market prices. Loss of trade means loss of local livelihoods in a setting where alternative employment opportunities are scarce, in particular in the case of artisanal and small-scale mining.

An integrated EU approach to promote responsible sourcing needs to build on existing initiatives and support the uptake of the OECD Due Diligence Guidance. It should stimulate better compliance at the level of smelters, including outside the EU, and facilitate a better flow of due diligence information down the supply chain at relatively low cost<sup>19</sup>.

#### **1.4 Existing EU foreign, development and other policy action**

Breaking the link between resource extraction and conflict requires a comprehensive approach that addresses the root causes of the problem: conflict, weak governance and lack of development. Tackling these problems is part of the EU's external action and the specific goal of the EU's strategy to support developing countries' efforts to eradicate poverty as outlined in the 2011 Agenda for Change Communication<sup>20</sup>. The Agenda gives a high profile both to good governance and human rights and to inclusive economic growth. It also promotes joint work not just with the EU's development partners – the governments of developing countries – but also with the private sector as well as international organisations such as the UN. In implementing the Agenda, the EU pays special attention to the role of civil society, empowerment of local communities and transparent and accountable decision-making processes.

Another relevant initiative is the 2008 EU-UN Partnership on land, natural resources and conflict prevention<sup>21</sup>, supported by the EU through the Instrument for Stability and through which joint assistance is provided to third countries to prevent and address natural resources-related conflicts. Through this Partnership, the EU is fostering a UN inter-agency approach in this sector, in line with the report of the UN Secretary-General *"Peacebuilding in the Aftermath of Conflict"* (2012).

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<sup>18</sup> *Conflict minerals - an evaluation of the Dodd-Frank Act and other resource-related measures*. Öko-Institut e.V. Freiburg, August 2013, page 27.

<sup>19</sup> See footnote 5. The Commission Staff Working Document in Annex III contains an external study on the assessment of due diligence compliance cost, benefit and related effect on selected operators in relation to the responsible sourcing of selected minerals (tin, tantalum, tungsten and gold). The main finding of the survey of concerned industries conducted in the context of this study is that a majority of respondents reported a relatively low level of costs for due diligence and reporting efforts. Expenditures are predominantly estimated at €13,500 for initial efforts (74%) and €2,700 for subsequent ongoing efforts (63.8%).

<sup>20</sup> COM (2011) 637 Final.

<sup>21</sup> <http://www.un.org/en/land-natural-resources-conflict/index.shtml>

The EU has a coherent and integrated strategy on access to raw materials for the European Union. The Raw Materials Initiative<sup>22</sup> and the European Innovation Partnership on Raw Materials<sup>23</sup> are comprehensive EU policies covering sustainable access to raw materials which also address governance, infrastructure and skills in third countries.

Through the EU Corporate Social Responsibility (CSR) Strategy<sup>24</sup>, the Commission promotes responsible business conduct, in particular with respect to compliance with internationally agreed CSR principles and guidelines such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

In 2013, the EU published Guides on implementing the UN Guiding Principles on Business and Human Rights in three business sectors, including the ICT and the oil and gas sector<sup>25</sup>.

In the context of EU foreign policy, further relevant regional action is underway:

Africa's resource dilemma was acknowledged in the 2007 Joint Africa-EU Strategy, which identifies the good governance of natural resources as an important target for cooperation.

The EU is supporting the African Mining Vision endorsed by the African Union in 2009 to ensure a transparent, equitable and optimal exploitation of mineral resources as well as its implementing body, the African Mineral Developing Centre. It is increasing support for other joint actions including the African Legal Support Facility, which assists African governments with the negotiation of complex contracts with the private sector and thereby enhances the sustainability and inclusiveness of these transactions. Work on geological cooperation will be supported under the EU's new Pan-African Programme. The EU also supports the implementation in the region of global responsible sourcing initiatives on conflict diamonds, transparency and forestry products (KPCS, EITI, CITES).

The EU has also taken more specific action for the GLR. In June 2013, the European Commission and High Representative adopted a Joint Communication on a "Strategic framework for the Great Lakes Region"<sup>26</sup> laying down a coherent and comprehensive EU approach at regional, national and local level to the different roots of the crisis.

In this context, the EU has made policy proposals to address the linkages between the exploitation and trade of natural mineral resources and the conflict and instability in the GLR. The EU also supports the ICGLR's Regional Initiative on Natural Resources and the OECD Due Diligence Guidance implementation programme through funds from the Instrument for Stability. In future, consideration could be given to cross-border projects including border and customs management.

In Asia and the Pacific, the EU is working on resource issues by promoting adherence to EITI, where an encouraging trend of participation can be observed (participating countries: Mongolia and Timor-Leste; candidate countries: Afghanistan, Indonesia and Solomon

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<sup>22</sup> COM (2008) 699 Final.

<sup>23</sup> COM (2012) 82 Final.

<sup>24</sup> COM (2011) 681 Final.

<sup>25</sup> [http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/humanrights/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/humanrights/index_en.htm)

<sup>26</sup> JOIN (2013) 23 Final.



Islands; Myanmar/Burma and Papua New Guinea have announced their intention to apply EITI, and the Philippines has applied for EITI candidate status). Asia is home to about 65% of the 280 worldwide known smelters for tin, tantalum and tungsten, located in countries such as China (73), Malaysia (5), and Indonesia (34). Also in view of their economic development and corresponding sourcing need, these countries will be priority partners for EU engagement.

In Latin America, the EU and the Andean countries have started a dialogue on extractive industries and responsible sourcing, identifying possible areas of cooperation including the wider socio-economic and environmental impact of mining activities. Addressing these issues is part of the EU's external action. EITI compliance in the region is low with only one complying country Peru, but the interest for the initiative is growing especially in Honduras, Guatemala and Colombia.

## **2. AN INTEGRATED EU APPROACH TO RESPONSIBLE SOURCING**

Against this background, there is a need to work towards an integrated EU approach to promote the responsible sourcing of minerals from conflict-affected and high-risk areas. To this end, the Commission proposal for a Regulation and a series of accompanying measures aim to reduce the opportunities for armed groups to resort to trade in tin, tantalum, tungsten and gold in conflict-affected areas; to improve the ability of EU operators – especially in the downstream section of the supply chain – to comply with existing due diligence frameworks and reduce distortions in global markets for the aforesaid four minerals sourced from conflict-affected and high-risk areas.

More generally, the EU's integrated approach and its policies and initiatives on responsible sourcing are embedded in its wider comprehensive approach on conflict-affected and high-risk areas. These promote *inter alia* conflict resolution, peace and security, respect for human rights including the need to address trafficking in human beings, good governance and the rule of law and sustainable development. Examples are the Strategic Framework for the Great Lakes Region with the issue of illegal exploitation of natural resources, but also the Horn of Africa Strategic Framework and the EU strategy for Security and Development in the Sahel.

### **2.1 Proposal for a Regulation setting up a Union system for a voluntary EU 'responsible importer' self-certification**

The Commission proposal for a Regulation setting up a Union system for supply chain due diligence self-certification of responsible importers of tin, tantalum and tungsten, their ores, and gold aims to support EU companies exercising due diligence to help minimise the risk of financing armed groups. It also seeks to promote the responsible sourcing of these minerals from conflict and high-risk regions, in order to increase the volume of legitimate trade. The EU approach would concentrate due diligence on upstream supply chain operators and facilitate the downward transmission of quality information and best practices. In line with the main message of respondents to the public consultation, the approach is designed to respect the global nature of complex supply chains and relies on and supports further compliance with the OECD Due Diligence Guidance. With this in mind, the geographical scope for both the Regulation and accompanying measures is global and the focus of activities is primarily process-oriented.

Operationally, the draft Regulation creates a voluntary self-certification system for importers

seeking to import any of the four minerals or metals into the EU in a responsible manner. Importers who opt in will need to implement the OECD Due Diligence Guidance, provide audit assurances and disclosure information to the Member States competent authorities. Based on the information disclosed, the EU, after consultation with the OECD, will annually issue a list of smelters and refiners that are considered responsible suppliers. This will provide increased visibility and stimulate better public accountability. The list will also specifically identify those smelters/refiners that source responsibly from conflict zones, so as to incentivise legitimate trade. The scheme will be evaluated after three years, or before in case available information will allow it, and the results will be used for decision-making needs on the future of the EU approach and for amendments to the regulatory framework, making it mandatory, if appropriate and on the basis of a further impact assessment.

## **2.2 EU accompanying measures to promote responsible sourcing**

The following accompanying measures are foreseen to further encourage the responsible sourcing of minerals.

### ***Incentives for companies to promote responsible sourcing***

The Commission calls upon EU businesses to use their market position to promote responsible sourcing. The following measures provide incentives for them to do so.

- **Promotion of responsible practices by smelters and refiners**

The EU has provided financial support for the implementation of the OECD Due Diligence Guidance since January 2014 and will continue to do so through the Instrument for Stability. Support will focus on capacity-building and outreach activities, targeting public authorities, the private sector and civil society organisations involved in the supply chain of minerals from conflict-affected and high-risk areas. The Commission will further assess the feasibility of providing financial assistance to the OECD or other bodies for programmes to promote transparency and due diligence practices among EU and non-EU smelters/refiners.

- **Funding possibilities for SMEs for the voluntary certification scheme**

The Commission will explore funding to promote the uptake of the future voluntary certification scheme amongst EU importers. The funding would be explored within the Competitiveness of Enterprises and SME's Programme (COSME)<sup>27</sup>, which was adopted on 5 December 2013.

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<sup>27</sup> Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC - the COSME programme foresees actions to facilitate SME access to markets inside and outside the Union, such as providing information on existing barriers to market entry and business opportunities, public procurement and customs procedures, and improving support services in terms of standards and intellectual property rights.

- Public Procurement incentives**

The Commission will promote the uptake of both the responsible importer certificate and the list of responsible smelters/refiners through performance clauses in the European Commission's own public procurement contracts. Products purchased through public procurement containing tin, tantalum, tungsten and/or gold will therefore need to respect OECD Due Diligence Guidance or equivalent due diligence schemes in order to satisfy contractual obligations.
- Use of government-to-business networks to facilitate uptake of the EU 'responsible importer' certificate**

To promote the certification procedure established under the draft Regulation the Commission will call upon the National Contact Points established under the OECD Guidelines for Multinational Enterprises and other relevant networks to help raise awareness. The Enterprise Europe Network (EEN) – a business support network that offers services supporting European enterprises – could raise the awareness of EU operators about the EU's integrated approach, the importance of due diligence and the consequences of non-responsible sourcing from conflict zones.
- "Letters of Intent" – industry commitments**

EU business operators have signalled their readiness through the public consultation, position papers and studies to increase their engagement in the responsible sourcing of minerals from conflict-affected and high-risk areas. The EU will take action to provide visibility to the efforts of companies that provide letters of intent announcing relevant commitments.

#### *Policy dialogues with third countries and other stakeholders*

- Building on existing policy dialogues**

The EU will use its political, development, trade and security dialogues and contacts with governments in mining, producing, processing and consuming countries to further develop a common understanding – at country and regional level – of the needs, challenges and opportunities of conflict-free and responsible mineral extraction. By way of example, the EU will address responsible sourcing and its contribution to sustainable development in its dialogues with the South American and Caribbean countries giving due attention to sustainability challenges of artisanal and informal mining. Parallel complementary engagement will be sought with the private sector and civil society, in particular, in producing countries.
- Reaching out to countries hosting smelters**

The EU will engage with the countries where the majority of the world's smelters/refiners are located, notably China, Malaysia, Indonesia, Thailand and Russia to promote its integrated approach for responsible sourcing and to secure a greater buy-in from companies in non-EU jurisdictions. The EU will hold an international conference on responsible sourcing of minerals originating in conflict-affected and high-risk areas in 2015.
- A responsible sourcing chapter in raw materials dialogues**

The EU will use its raw materials dialogues inter alia with China, Japan and Mongolia to promote the integrated responsible sourcing approach. The Commission has

recently launched a raw materials dialogue with Myanmar/Burma. More in general, the Commission and High Representative will continue to promote strong and coherent EU raw materials diplomacy, addressing the security-development nexus in a joined-up and strategic manner.

#### ***Development cooperation with third countries***

The EU will also use its existing cooperation relations with governments in Africa, Asia, Latin America and the Caribbean to address conflict-free and responsible mineral extraction and commercialisation. The key lines of intervention through which the EU may support partner countries are:

- Transposing the OECD Due Diligence Guidance into national due diligence frameworks and legislation.
- Building further capacity to implement the national due diligence frameworks.
- Supporting advocacy and political dialogues in the countries concerned between local and central government authorities, civil society organisations and business operators.
- Creating visibility for the actions carried out and the results achieved by the producer countries.

The EU will also foster cooperation between producer and consumer countries, including through joint projects, for instance on sustainable mining and good governance, also taking into account the specificity of artisanal mining.

#### ***Honest broker – raw materials diplomacy***

The EU stands ready to act as an honest broker in the context of multi-stakeholder initiatives, supporting and encouraging responsible sourcing and trade between participants. The Commission services and the EEAS will gather and analyse data regarding multi-stakeholder initiatives. Public-private alliances will be given due consideration.

#### ***EU Member States***

The Commission and the High Representative call upon EU Member States to support due diligence efforts by companies within their jurisdiction through appropriate action at national level. Complementary initiatives could be developed in the area of consumer information and labelling and further incentives for responsible corporate behaviour created. Moreover, the Commission will encourage EU Member States to foster the uptake of OECD Due Diligence Guidance or equivalent schemes through performance clauses of procurement contracts signed by their authorities as foreseen under the EU Public Procurement Directive. To this end, the Commission will develop recommendations and implementing guidance to Member State authorising officers.

### **3. WORKING TOGETHER TOWARDS AN INTEGRATED EU APPROACH**

A clearer EU framework based on the OECD Due Diligence Guidance is expected to facilitate ongoing efforts by EU business operators to establish appropriate due diligence processes. As the world's largest market for minerals and metals, greater cohesion within the EU should help stimulate demand for responsible sourcing and, by extension, facilitate the trade of minerals extracted in compliance with domestic or OECD due diligence requirements.

The success of this initiative will depend to a large extent on the buy-in of the EU private sector, in particular companies importing tin, tantalum and tungsten ores or derived metals and gold. The Commission and the High Representative invite EU business operators to embrace the proposed integrated approach, help consolidate its achievements and develop it further.

The Commission and the High Representative call upon the Council and the European Parliament to endorse the integrated EU approach for responsible mineral sourcing.