

Supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas

2014/0059(COD) - 17/05/2017 - Final act

PURPOSE: to put an end to the financing of armed groups through trade in minerals from conflict areas.

LEGISLATIVE ACT: Regulation (EU) 2017/821 of the European Parliament and of the Council laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.

CONTENT: human rights abuses are common in resource-rich conflict-affected and high-risk areas and may include child labour, sexual violence, the disappearance of people, forced resettlement and the destruction of ritually or culturally significant sites.

Purpose and scope: this Regulation establishes a **Union system for supply chain due diligence** in order to curtail opportunities for armed groups and security forces to trade in tin, tantalum and tungsten, their ores, and gold.

At least **95% of all EU imports** of metals and minerals will be covered, while small volume importers will be exempt.

The Regulation builds upon **2011 OECD guidelines** which set the international benchmark for supply chain due diligence.

Importers' obligations: this Regulation obliges EU companies to source their imports of tin, tantalum, tungsten and gold **responsibly** and to ensure that their supply chains do not contribute to funding armed conflict. To this end, it lays down the supply chain due diligence obligations of Union importers of minerals or metals containing or consisting of tin, tantalum, tungsten or gold.

Union importers of minerals shall:

- **identify and assess the risks** of adverse impacts in their mineral supply chain on the basis of the information provided by independent third-party audits of the smelters and refiners in the supply chain;
- implement a **strategy** to respond to the identified risks;
- provide the competent authorities of the Member State with evidence of conformity with a supply chain due diligence scheme recognised by the Commission;
- make available to their **immediate downstream purchasers** all information gained and maintained pursuant to their supply chain due diligence;
- prepare a **report**, on an annual basis, on their supply chain due diligence policies and practices for responsible sourcing.

The **competent authorities** shall carry out checks to ensure that EU importers of minerals and metals comply with their due diligence obligations.

Certification: governments, industry associations and groupings of interested organisations having due diligence schemes in place may apply to the Commission to have the supply chain due diligence schemes that are developed and overseen by them recognised by the Commission.

The Commission shall establish and keep up-to-date a register of recognised supply chain due diligence schemes. That register shall be made publicly available on the internet. The Commission shall adopt implementing acts establishing or amending the list of the names and addresses of **global responsible smelters and refiners**.

Guidelines: the Commission, in consultation with the European External Action Service and the OECD, shall prepare non-binding guidelines in the form of a **handbook** for economic operators, explaining how best to apply the criteria for the identification of conflict-affected and high-risk areas.

Review clause: by 1 January 2023 and every three years thereafter, the Commission shall review the functioning and the effectiveness of the Union system, and its impact on the ground as regards the promotion of responsible sourcing of the minerals falling within the scope of this Regulation from conflict-affected and high-risk areas and on Union economic operators including SMEs. It shall propose new mandatory measures in order to ensure sufficient leverage of the total Union market on the responsible global supply chain of minerals.

ENTRY INTO FORCE: 8.6.2017.

APPLICATION: from 9.7.2017. Rules relating to due diligence shall apply as from 1.1.2021.

DELEGATED ACTS: the Commission may adopt delegated acts for the amendment of Annex I to the Regulation by establishing and amending the volume thresholds of minerals and metals falling within the scope of Regulation (EU) 2017/821 according to the Combined Nomenclature. The power to adopt such acts shall be conferred on the Commission for a period of five years (renewable) from 8 June 2017. The European Parliament or the Council shall have the right to object to a delegated act within a period of two months (extendable for two months) from the notification of the act.