

Agreement on EU Conflicts Minerals Rules

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General political agreement was recently reached on draft EU legislation concerning conflict minerals, which will impose compliance supply-chain due diligence requirements. We reported on the previous development of this issue in detail over a year ago [here](#).

The draft European Commission proposal (now amended by the European Parliament and the EU Council) consists of a framework for an EU Regulation to stop profits from trading minerals being used to fund armed conflicts. The draft rules build upon the existing "OECD Due Diligence Guidance for responsible mineral sourcing" - in the US similar rules exist in the Dodd-Frank Act (Section 1502).

The aim of these rules is for EU companies to source tin, tantalum, tungsten and gold responsibly, which are used in a range of products including mobile phones, cars, and, jewellery.

According to the [European Commission press release](#) the draft rules set out 'obligations for the critical "upstream" part of the conflict minerals supply chain, including smelters and refiners, to source responsibly'. Apparently, 'the vast majority of metals and minerals imported to the EU will be covered, while exempting small volume importers from these obligations'. The Commission will also adopt a number of other measures, including reporting tools, 'to further boost supply chain due diligence by large and smaller EU "downstream" companies, i.e. those companies that use these metals and minerals as components in goods.'

The aim is to finalise the proposed rules in the coming months. From the UK perspective it will have to be seen whether the Brexit process has officially started before the proposed rules have been officially adopted to better determine whether they might become part of UK law or not.

Broad compliance issues for businesses to start thinking about to prepare for this legislation include the following:

- Supply Chain Review - audit your business and its supply chains to determine risk, and, revise/develop conflict minerals policies;
- Supply contracts - review and revise terms and conditions, and, undertake due diligence in acquisitions;
- Supply chain management - coordinate this with IT systems to address conflict minerals issues, and, verify compliance;
- Communications & Training - brief the Board, train relevant internal personnel such as the procurement team and also suppliers, inform customers, change supplier onboarding processes, and, make relevant disclosures such as for the Corporate Social Responsibility Report.

Please don't hesitate to contact Cordery about any of the above - we're keen to help.

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