



Responsible Mining

Conflict minerals

- This factsheet is based on three SOMO reports:
- Multinational corporations in conflict-affected areas, (December 2015)
 - There is more than 3TG (January 2015)
 - Conflict due diligence by European companies (November 2013)

April 2016



What is the problem?

Mining of minerals can contribute to grave human rights abuses in many different ways. These risks are most prevalent when the extraction, transport or trade of minerals takes place in areas where there is conflict: it can spark or intensify violent conflicts by directly or indirectly supporting armed groups, torture, forced labour, child labour, sexual violence and war crimes. These concerns frequently arise around tin, tantalum, tungsten and gold (3TG) sourced from parts of eastern Democratic Republic of Congo (DRC), a region torn by conflict for many years.

However, these risks go far beyond 3TG and the DRC. Civil society organisations argue that a wide variety of minerals, ranging from copper, iron ore, zinc, nickel, silver and many others are also associated with conflict all around the world. These minerals are used in products that are traded and sold on the European market. Companies that use metals in their products risk contributing to conflict financing or human rights abuses via their mineral supply chains. The electronics industry relies on these metals that make it possible to bring speed and increased capabilities to computers, telephones and processors.

Copper from Colombia

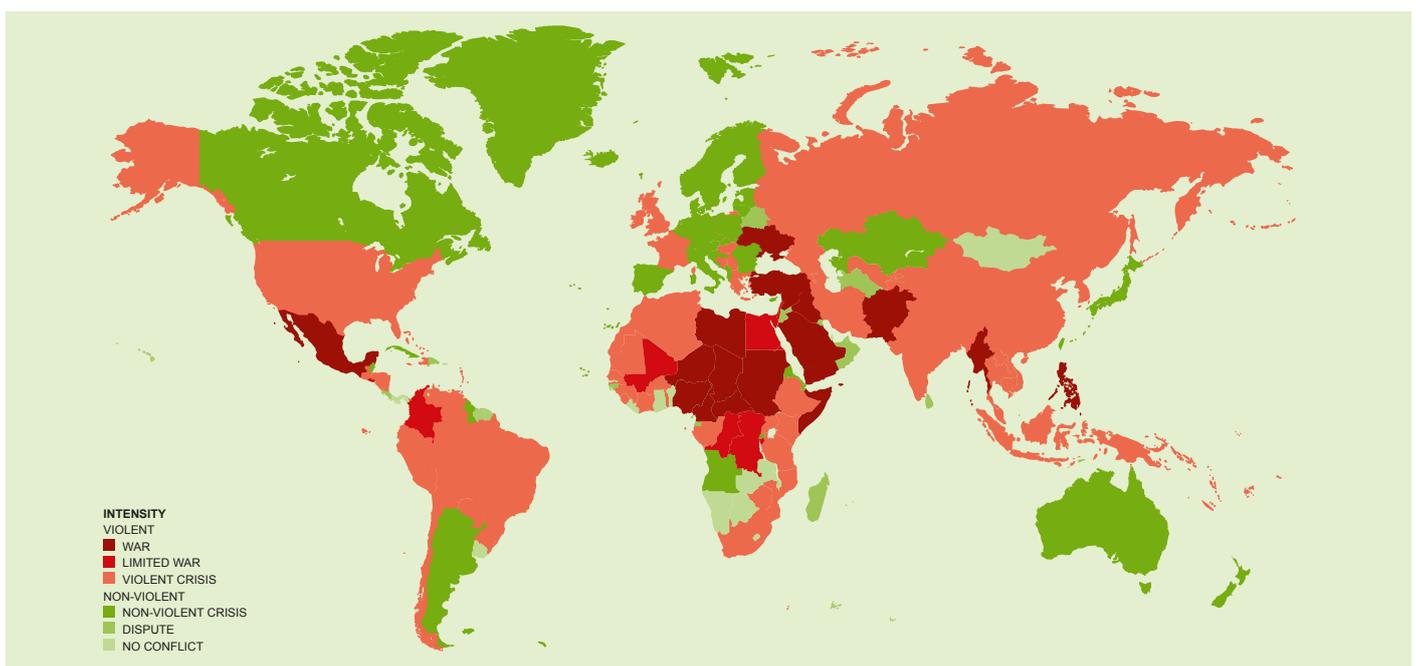
Copper is produced in 11 countries where mineral sourcing is associated with violent conflict. Colombia, for example, is experiencing a variety of regional conflicts over resources. These include illegal armed paramilitary groups and organized criminal groups (including drug traffickers) engaged in illegal mining of copper, nickel, gold, coltan and other minerals. Trade from illegal mining finances many of the armed groups in the country.

The role of electronics companies

One of the most prominent sectors exposed to conflict minerals is the electronics industry. Electronics companies, such as those manufacturing components and end products, and major brands and retailers have been confronted with it for years. For over a decade civil society organisations have pointed out the industry's responsibility for the conditions under which its minerals are mined. As a result, a number of electronics brands have taken a joint first step towards the Conflict-Free Smelter Initiative. However, many companies only became active after introduction of the US Dodd-Frank Act 1502 on conflict minerals in 2010, which came into force in 2013. It set an important precedent with a legal requirement for US-listed companies to conduct due diligence and mandatory reporting on their use of conflict minerals from the DRC or adjoining countries. A range of different industry schemes and multi-stakeholder initiatives arose. Some of them introduce certifications systems and in-region engagement; others focus on conflict-free smelters and first-tier suppliers.

Still, a large majority of European companies do not conduct due diligence to ensure their products are free from 'conflict minerals'. In response, a broad group of civil society organisations is calling on the EU to develop strong legislative measures that require European companies (both upstream and downstream) to conduct mandatory due diligence, based on the OECD Guidelines and UNGPs. Members of the European Parliament (EP) voted for a law with mandatory due diligence to promote more responsible and transparent mineral sourcing in May 2015; in February 2016 the EP has entered into negotiations with the Council of the EU and the European Commission to come to an agreement on the final text.

Violent conflicts in 2015: 98 were related to natural resources Source: Heidelberg Institute Conflict Barometer 2015



International framework for responsible business conduct

The United Nations Guiding Principles on Business and Human Rights (UNGPs) set clear standards for business enterprises to respect human rights, conduct human rights due diligence and implement measures to prevent, address and redress any human rights violations. The UNGPs have special relevance for the corporate responsibility to respect human rights in conflict-affected areas, as the risk of gross human rights abuse is most prevalent in contexts where there are no effective government institutions or legal protection. The principles stipulate human rights due diligence, and what companies should do to identify and assess any actual or potential adverse human rights impacts, through their own activities or as a result of their business relationships. As a special area of interest in a conflict context, companies should prioritise human rights due diligence for “security services provided by contractors or forces in areas of conflict or weak governance and rule of law”.

OECD Conflict Due Diligence Guidance

The Organisation for Economic Development and Cooperation (OECD) has developed Guidelines for Multi-national Enterprises. These guidelines form the basis of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This guidance helps companies conduct conflict due diligence, providing a roadmap to help companies avoid contributing to conflict through their mineral purchasing practices. The guidance includes supplements on tin, tungsten, tantalum, as well as a supplement on gold, which outlines the recommended steps companies should take to identify and respond to risks in these particular supply chains.

Conflict-affected and high-risk areas

OECD Conflict Due Diligence Guidance uses the following definition: Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law.

What can electronics companies do?

- In order to reduce the financing of armed groups and security forces through mineral proceeds in conflict-affected and high-risk areas, all companies in the mineral supply chain should start performing human rights due diligence to conform with OECD Due Diligence Guidance.
- This responsibility applies to all minerals, not just 3TG. Companies should therefore know which countries, specific regions and suppliers they source minerals from; carry out a risk assessment of all countries and regions involved; and identify in which supply chains and at what specific points the company can use its influence to avoid negative impacts. The risks identified have to be mitigated through initiatives taken by companies together with other stakeholders. It is crucial to involve local organisations and initiatives in both risk assessment and remediation efforts.
- Companies can stimulate and support suppliers to engage in prevention and implement effective remediation measures, engaging with actors in the supply chain, as well as other local actors, to work towards progressive improvement in the artisanal and small scale mining.
- Companies could join in-region programmes or initiatives together with suppliers and local stakeholders in order to improve the situation in mining regions, including working conditions in artisanal mining.
- Industry organisations within the electronics sector should stimulate learning and knowledge exchange concerning sustainability efforts in mining, and request continuous improvements from their members in this respect.

Conflict-Free Smelter Initiative

This programme, founded in 2010, offers companies and their suppliers an independent, third-party audit tool with a compliance protocol that determines which smelters and refiners can be validated as ‘conflict-free’, in line with current best practices. It offers a reporting template that helps companies to disclose and communicate about smelters in their supply chains. The programme also provides lists of compliant smelters, many of which are included because they do not source from the Great Lakes region.

European Public-Private Partnership

The Netherlands is setting up a European Public-Private Partnership (PPP) for Responsible Minerals Sourcing. EU governments, companies and civil society should jointly address the issue of conflict minerals (3TG) and offer support to the implementation of due diligence mechanisms along the entire chain. When the European PPP comes into existence, close collaboration will be sought with the Public-Private Alliance of the US government.

UPSTREAM COMPANIES SUCH AS SMELTERS AND REFINERS

Smelters and refiners work with 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



More information

- SOMO:
 - Multinational corporations in conflict-affected areas, December 2015
 - There is more than 3TG, January 2015
 - Conflict Due Diligence by European companies, Nov. 2013
- NGO briefing: EU regulation on responsible mineral sourcing, October 2015 and February 2016.
- Amnesty International: The state of the world's human rights, February 2016
- www.globalwitness.org/conflictminerals
- OECD Guidance: Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, 2013
- Heidelberger Institut für Internationale Konfliktforschung: Conflict Barometer 2015
- International Peace Information Service (IPIS) Conflict Mapping in DRC, the Central African Republic and South Sudan: <http://ipisresearch.be/home/conflict-mapping/>

Colophon

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SOMO

The Centre for Research on Multinational Corporations (SOMO) is a non-profit Dutch research and advisory bureau. SOMO investigates the policies of multinational enterprises and the internationalisation of business worldwide.
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GoodElectronics

The GoodElectronics Network brings together trade unions, grass roots organisations, campaigning and research organisations, academia, and activists who are concerned about human rights, labour rights, and sustainability issues in the global electronics supply chain. GoodElectronics sees it as its mission to contribute to improving corporate and public policies and practices with regard to protecting and respecting human rights and the environment in the global electronics supply chain, with a specific focus on big brand companies.

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