Responsible Sourcing: EU smelters perspective

Joint Study Groups’ seminar: The growing Importance of Responsible minerals and Metals Supply Chains

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Europe’s metals industry: Driving EU economic growth

- 900+ facilities
- 500,000 direct jobs
- €120 bn annual turnover
- 1/5 global production

Number of facilities per country
My three key messages for today

1. Responsible Sourcing = Important commitment for EU smelters
   Industry has been taking action

2. Voluntary actions Vs. Mandatory regulations

3. Recommendations for any further International/EU action on Responsible Sourcing

1. Responsible Sourcing: EU smelters Commitment
Responsible Sourcing is high on EU smelters agenda

Our members are pioneers in this area:
- Due-diligence since 15 years
- Risk based approach

On-going actions towards responsible sourcing:
- New initiatives: RMI, EPRM
- List of White smelters

Enhanced dialogue with stakeholders:
- NGOs
- Trade Unions
- Supply Chain
- Policy Makers

EU smelters- active members of supply chain due diligence programs

- World Gold Council
- LBMA
- Responsible Jewellery Council
- EPRM
- CFSI
- ITSCI
2. Voluntary Approach vs. Mandatory Action

Why is voluntary approach more effective?

1. Promotes higher standards
   - No lower common denominator problem
   - Creates conditions for Due Diligence Champions

2. Works globally
   - Voluntary schemes open for international participation
   - Smelters from different countries are members of these programs

3. Avoids risks of unintended disruptions to trade flows
   - Dodd-Frank effect
3. Three Recommendations for any further International/EU actions on Responsible Sourcing

Recommendation 1/3: Action has to be comprehensive

WITHOUT THE COMMITMENT OF DOWNSTREAM SECTOR

- EU dependency on imports from third countries
- Value-added activities within the EU
- Failure to secure the supply chain for minerals undermining EU proposal objective

EFFECTIVE LEVEL OF DAY-TO-DAY GOVERNMENT

- Focus on the situation on the ground
- Industry is the willing partner, but co-operation from governments is needed
**Recommendation 2/3: Ensure a global playing field**

Only 5% out of global 3TG smelters are in the EU
*(Source: Commission’s Impact Assessment, 2014)*

Other regions are required, not just EU

Asia?
Co-operation with China?
US Dodd Frank Act?

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**Recommendation 3/3: Ensure competitive industry**

- Link between Due-Diligence certification with competitiveness issues of EU industry is needed
- Is there a market for a Conflict-free metal?

- Recognition of existing industry schemes within EU legislation
  - OECD Due Diligence Guidelines
  - Industry initiatives and auditing programs
  - EU Legislation: White of list of Smelters
OECD Project: Portal for supply chain risk information

- OECD portal is most welcome
- Collecting information in one place can give better understanding of the supply chain
- Risk based approach-verification of information is essential

But... if even 5% of information is not correct, is there a tangible risk?
Reminder: My 3 key messages for today

1. **Responsible Sourcing = Important commitment for EU smelters**
   - Industry has been taking action:
     - Sourcing is high on EU smelters agenda
     - Active members of supply chain due diligence programs

2. **Voluntary actions Vs. Mandatory regulations**
   - When well co-ordinated, voluntary actions:
     - Produce higher overall standards
     - Work globally
     - Avoid risks of trade flow disruptions

3. **3 Recommendations for any further International/EU action on Responsible Sourcing**
   - Any action has to:
     - Be comprehensive
     - Ensure a global level-playing field
     - Ensure competitiveness of industry
THANK YOU

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