



Final steps to put an end to complicity in funding conflicts: EU leaders must agree on mandatory, comprehensive supply chain due diligence

February 2016

In May 2015, the European Parliament voted to require all European manufacturers and importers of components and final products containing four minerals, such as mobile phones or cars, to check their supply chains to make sure they don't fuel conflicts. During the current Trialogue negotiations, European Member States, the European Commission and Members of the European Parliament have a moral obligation to stand strongly for an effective regulation that will truly help end violent conflicts connected to natural resources, while giving guarantees to citizens that they are not complicit through their purchases. Will the EU act for the primacy of human dignity over private economic interests?

EU Member States: Backtracking on a meaningful regulation?

The vote in the European Parliament represented a great step forward for communities affected by human rights abuses fueled by natural resource extraction. The European Parliament's vote legally requires that all EU companies processing, importing and using tin, tantalum, tungsten and gold (3TG) act responsibly and undertake due diligence. This goes much further than the initial European Commission proposal, which only required European smelters and refiners to check their supply chains, on a voluntary basis. But these improvements are now at risk with European governments arguing for a voluntary scheme that ignores the vast majority of companies that place 3TG on the EU market—whether in raw forms or within consumer products like laptops and engines. The Council proposal significantly undermines the leading related international framework endorsed by the EU—the OECD's Due Diligence Guidance. In doing so, the Council is watering down the very meaning of being a responsible company.

Church leaders calling for a strong regulation

Nearly 150 Bishops from 38 countries on 5 continents have joined their voices in signing the [statement](#) supported by CIDSE, the international alliance of Catholic development agencies, to highlight that “this European regulation will succeed in bringing tangible change to suffering communities if it can be further strengthened in a few critical ways:

- **Consistency in the range of natural resources covered.**
- **Shared responsibility by companies along the entire supply chain**, from extractives companies to importers, suppliers and end-users that trade products containing natural resources.
- **A mandatory due diligence system that follows best practices** of the related OECD guidance, for undertaking and publicly reporting on efforts to source responsibly”.

Due Diligence, a practical tool for managing risks in supply chains

According to the 2011 UN Guiding Principles on Business & Human Rights, businesses must act with due diligence. Due diligence takes a risk-based approach and is a practical and flexible tool, which is most effective and workable as a shared responsibility by companies along the entire supply chain. It is designed to give Small and Medium Enterprises the flexibility they need—standards are tailored to a company's size, position in the supply chain and leverage over suppliers. It is based on companies making reasonable, proactive efforts and continual improvement.

There are many examples from around Europe, such as the Due Diligence law proposal in France¹ or the Modern Slavery Act in the United Kingdom², that show a clear trend to better regulate the activities of companies, so as to prevent their involvement in human rights abuses while giving guarantees to citizens that they are not complicit through their purchases. Thanks to the 2010 U.S. Dodd Frank Act, the number of “clean” mines free of extortion and abuses by armed groups is growing today. The costs of cleaning up the trade cannot simply be passed on mine workers who are struggling to make a decent living, but should be covered by the companies sourcing these minerals along the full supply chain.³

In the [Encyclical](#) letter *Laudato Si* (May 2015), Pope Francis underlines that a due diligence approach should be a prerequisite to any economic activities: *“In any discussion about a proposed venture, a number of questions need to be asked in order to discern whether or not it will contribute to genuine integral development. What will it accomplish? Why? Where? When? How? For whom? What are the risks? What are the costs? Who will pay those costs and how?”* (para 185)

Recommendations for a strong and effective EU regulation

We recommend that Member States and EU political leaders:

1. Show leadership on this issue by supporting mandatory due diligence requirements for covered companies.
2. Support a Regulation that aligns with the OECD Due Diligence Guidance, by:
 - Ensuring that all due diligence obligations are consistent with the OECD standard.
 - Engaging companies downstream of metal importers, in particular companies that place products containing covered minerals on the EU market.
 - Including language that reflects the flexible and progressive nature of due diligence.

In a [letter](#) sent to leaders of communities affected by mining in July 2015, the Holy Father highlights the **shared responsibility of governments, citizens and businesswomen and men** to act in order to bring the needed change: *“The entire mining sector is decisively called to effect a radical paradigm shift to improve the situation in many countries. To this change a contribution can be made by the governments of the home countries of multinational companies and of those in which they operate, by businesses and investors, by the local authorities who oversee mining operations, by workers and their representatives, by international supply chains with their various intermediaries and those who operate in the markets of these materials, and by the consumers of goods for whose production the minerals are required. All these people are called upon to adopt conduct inspired by the fact that we constitute a single human family, “that everything is interconnected, and that genuine care for our own lives and our relationships with nature is inseparable from fraternity, justice and faithfulness to others”.*

In his [message](#) for the World Day of Peace in January 2016, Pope Francis calls for **overcoming indifference to win peace**: *Every period of history has known people who close their hearts to the needs of others, who close their eyes to what is happening around them, who turn aside to avoid encountering other people's problems. But in our day, indifference has ceased to be a purely personal matter and has taken on broader dimensions, producing a certain “globalization of indifference”. ... Indifference and lack of commitment constitute a grave dereliction of the duty whereby each of us must work in accordance with our abilities and our role in society for the promotion of the common good, and in particular for peace, which is one of mankind's most precious goods. ... On the institutional level, indifference to others and to their dignity, their fundamental rights and their freedom, when it is part of a culture shaped by the pursuit of profit and hedonism, can foster and even justify actions and policies which ultimately represent threats to peace. ... There are many good reasons to believe in mankind's capacity to act together in solidarity and, on the basis of our interconnection and interdependence, to demonstrate concern for the more vulnerable of our brothers and sisters and for the protection of the common good. ... We see, then, how indifference represents a menace to the human family. As we approach a new year, I would ask everyone to take stock of this reality, in order to overcome indifference and to win peace.*

¹ <http://ccfd-terresolidaire.org/infos/rse/de-la-responsabilite/un-premier-pas-4989>

² <http://corporate-responsibility.org/issues/modern-slavery-bill/>

³ <https://www.youtube.com/watch?v=fPIB17PE2vM>