



Conflict Minerals: Adding the EU Regulation to Your Compliance Program

EU importers of tin, tantalum, tungsten and gold (3TG) and of metals containing 3TG should be taking actions now to supplement their compliance programs to address the requirements of the EU conflict minerals regulation. Starting on 1 January 2021, EU importers will be subject to the regulation, which has specific mandatory requirements and consequences.

The EU regulation will impact tens of thousands of European companies – many more than are covered by the US rule. The EU regulation covers many more minerals and metals and has a much wider geographic focus than the US rule. So, what steps should a company take to develop its initial conflict minerals compliance program? Or what steps should a company take to expand its existing compliance program to fulfill the requirements of the EU regulation?

You should consider some best practices in building your own compliance program.

Internal Organization

- Designate your conflict minerals team and confirm one point person with overall project management responsibility.
- Develop overall schedule with key deadlines.
- Consider outside advisors.
- Develop company management systems.

Internal Team

- Name conflict minerals core team:
 - Legal
 - Compliance
 - Supply Chain/Purchasing
 - IT
 - Internal Audit
- Assure senior management support and responsibility.
- Include relevant employees and departments.

Procurement Background

- Determine which minerals and metals you import into the EU annually and in what amounts.
- Develop or revise your conflict minerals policy.
- Gather purchasing and logistics information.
- Obtain supplier names, addresses and key contacts.

Identify Conflict-Affected and High-Risk Areas

- Identify “conflict-affected and high-risk areas.”
- Identification will apply going forward and retroactively.

IT System Solutions

- Inventory existing IT systems.
- Develop or enhance capabilities to accommodate the additional data requirements of the EU conflict minerals regulation.
- Determine how to digitize supply chain data.

Internal Communications

- Policy roll-out.
- Announce supply chain transparency expectations.
- Develop supplier qualification and onboarding procedure.
- Internal training sessions.

External Communications

- Customers
 - Initial letters and follow-up
 - Conflict minerals template responses
- Suppliers
 - Questionnaires/templates
 - Education

Risk Assessment and Mitigation

- a. Identify and assess supply chain risks.
- b. Develop risk management plan.
- c. Implement risk management and corrective action.
- d. Analyze supplier responses.
- e. Follow up for corrections and completions of supplier responses.
- f. Score and reward supplier compliance.
- g. Obtain third-party audits.
- h. Engage in consultations, if required.

Contracts

- a. Review key supply contracts.
- b. Add data and transparency requirements to new and renewed supply contracts.
- c. Revise terms and conditions/purchase order terms.
- d. Update supplier qualification requirements and corrective action.
- e. Address conflict minerals in acquisitions.

Disclosure

- a. Conflict Minerals Policy.
- b. Annual public disclosures.
- c. Website posting.
- d. Disclosures to immediate customers.

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