



Raw Materials Week 2018

13 November 2018, Le Plaza Hotel, Boulevard Adolphe Max 118-126, 1000 Brussels

Responsible supply of raw materials

1. Nature of the meeting

This full day meeting was part of the European Innovation Partnership on Raw Materials (EIP-RM)'s Raw Materials Week, which included representatives from academia, business, NGOs and governments. The meeting aimed to address the challenges of sustainable sourcing and extraction of raw materials, in keeping with current Sustainable Development Goals and the Paris Climate Agreement.

2. Welcome and objectives of the meeting

The EC explained that the meeting was primarily to explore the need to achieve the secure supply of raw materials needed for the growth of the value chain, jobs and prosperity in the EU, whilst simultaneously protecting wider environmental and social needs - summarised as 'meeting the needs of people, profit and planet'. Consumer expectation for more responsible sourcing has increased, and there is space for both the EC and other investors to play a role in achieving this responsible sourcing.

3. Session I: Discussion panel on responsible and sustainable sourcing and extraction of raw materials for competitive European value chains

A broad discussion ensued, surrounding sustainable sourcing and extraction of raw materials, including legislation, standards and the use of data. Existing guidelines on the supply chain of minerals from the OECD were reported, as well as the current challenges these face: predominantly that it is a voluntary standard and awareness of these standards is low as a result.

Cooperation between both public and private sector led standards would be required to further progress sustainable sourcing along the supply chain. One delegate highlighted that gaining a complete picture along the supply chain would be easier for larger companies than for SMEs. All delegates agreed that increased data capacity is required to narrow this gap, which may require new technologies. An OECD representative suggested that education be used throughout the supply chain for a better understanding of human rights issues and sustainable sourcing and why this is required. The Panel agreed that education and increased transparency through data could bring trust into the supply chain from consumers, who want to be more sustainable; the push of market demand should also further standards as a result.

The EC summarised that collaboration along the supply chain and between public and private sector was a clear requirement to further sustainable sourcing and extraction. With the projected increase in demand for resources leading to 2050 it was stated that attempting to meet these demands should not become a 'race to the bottom' in terms of standards; the importance of urban mining in meeting this demand was also highlighted. Data traceability, transparency and verifiability and standards must be improved, while the public should be educated towards the importance of sustainable supply.

4. Session II: Responsible extraction of raw materials in the EU

The objective of this session was to ask what raw materials can be exploited in the EU, and what are the major challenges for extracting them responsibly? There was a particular focus on the critical raw materials (CRMs) needed for the new technologies, such as batteries for motive power.

The EU continues to rely significantly on imports of raw materials. The EU is, however, the world's third largest producer of industrial minerals. A geological survey map showed the untapped CRM land-based deposits in Europe but there was a warning that it can take up to 19 years from initial discovery to commercial extraction. In addition, it is noted that 'the race is on' to mine the oceans, but some of the biggest deposits of iron, copper and rare-earth elements are in the middle of the

Pacific. Project 'GeoERA' is addressing on-shore and off-shore mineral resources by bringing together geologic survey and marine organisations from 29 European countries and beyond. It will call for 'less bureaucracy and more geology' in its endeavours.

The JRC's role in providing and managing scientific evidence was presented through outputs such as the Raw Materials Information System (RMIS) – aimed at increasing data-sharing data across the EU. The key role of cobalt and lithium in battery production was reviewed. Much of the world supply of cobalt comes from countries with low World Governance Indicators with inherent risks, both to security of supply and to social and environmental impacts. The active search for lithium deposits in the EU-28 includes 11 active projects and there is potential for supplementary supply through battery recycling, albeit this is currently not economically attractive. The Raw Materials Scorecard (RMS), to be launched this week, sets out 26 indicators across the life cycles of non-food, non-agricultural materials. The indicators cover 5 aspects of each material, from security of supply through economic, social and environmental impacts to circular economy potential: early findings were presented.

The perceived paucity of knowledge, data sharing and co-operation, and the significant bureaucratic obstacles to investment in mining and metallurgy across the EU are being addressed in project 'MIREU'. This project sets out to identify all such barriers, looking at the issues from a regional perspective, and to recommend improvements which will lead to successful exploitation of Europe's mineral wealth. It takes as its starting point, the EU vision to increase the self-sufficiency in the production of the critical minerals by the 2050 and implementing the resource efficiency agenda (circular economy) to tackle the major societal challenges.

The work being carried out by the industrial minerals (IM) sector in the EU minerals in alignment to the UN's Sustainable Development Goals (SDGs) was presented. Key challenges for the responsible extraction of industrial minerals centred on land-use, permitting, societal constraints and uncertainty caused by these issues was adversely affecting key product value chains. A report identifying SDG-centred activity across some 200 IM companies was presented and more than 200 events across 25 countries are being planned in a European Minerals Day. Recommendations to remove most bottlenecks were tabled with an aim of removing uncertainty and boosting investor confidence.

5. Session III: Discussion panel on responsible investors and financial institutions for sustainable and responsible sourcing and extraction of raw materials

Delegates discussed how investment decisions into sustainable sourcing are made and how the market can push towards sustainable sourcing of raw materials.

A delegate pointed to the success of the Just Gold project, tracing conflict-free gold from Artisanal and Small-scale mine site to export. This was highlighted as a proof of concept that can be further expanded to other raw materials, increasing transparency in the supply chain. The Panel agreed that the successes of this programme were as a result of an incentivised, systematic approach rather than policing, with cooperation all along the supply chain, but that more relevant data was required to further the impact of both this standard in addition to other similar programmes.

Other delegates agreed that data was also required to enable more transparent investment decision-making, to ensure compliance with OECD and other internal guidelines. Societe Generale will shortly place on its website its own framework for sustainable investment in keeping with the UN's 17 SDGs.

OECD guidelines are a leading reference, but do not cover all issues, such as security, fair trade and child labour monitoring. One delegate emphasised that pro-active, rather than reactive, investment is more appealing to companies in achieving sustainability. Another stated the requirement to focus less on the market itself and more on sustainable investment into the social aspects of the supply chain.

The Panel agreed that market demand for premium 'responsible' products could drive towards sustainable sourcing. One delegate pointed out that companies claiming to comply with raw material sourcing guidelines would be at a competitive advantage.

All delegates agreed that the EU needed to lead the way in its own sustainable raw material sourcing; however, it was suggested that public acceptance would be a key consideration.

6. Session IV: How to improve mineral extraction in the EU?

The EC summarised its approach to meeting current and future climate change targets, predominantly greenhouse gas emission reductions, renewable energy shares and energy efficiency improvements. Energy Union strategy focuses on meeting and ensuring compliance with these objectives, promoting better regulation and enhancing investor certainty. The EU has successfully decoupled growth from greenhouse gas emissions as a result of these changes. It was highlighted how use of circular economy concepts and new composite materials could decouple our dependence on importing raw materials. With a shift away from fossil fuels, the EU will however become more dependent on non-energy raw materials; while the EU does not currently extract these in great numbers, it will play a key role higher up the value chain in producing batteries, turbines and solar panels.

A delegate underlined the necessity to relaunch the mining industry in the EU to meet increasing world demand. Attention was drawn to the recent Minlex report, detailing differing legislation across EU Member States especially in terms of mining and environmental legislation - a key barrier to improving mineral extraction. The restrictions on mining companies of public tender for sites once they have been identified was seen as a notable restriction to improving mineral extraction, as well as the time to acquire exploration and research permits. The delegate suggested that the creation of a common EU mining code with a limited scope would accelerate mineral extraction – improving transparency, speed and investment into the EU mining industry.

The Minguide project reinforced its key goal: to contribute to an innovation-friendly policy framework for secure, sustainable supply of minerals. The key challenges to achieving this were highlighted as: conflicting government policies, and making the industrial sector of the mining process more sustainable. The key routes to try and address the issues surrounding policy are: profiling the current minerals profile in Europe, collaborating with minerals policy decision makers, and forming a stakeholder network. It was stressed that any policy must be introduced gradually in order to avoid disruption to the current minerals market.

7. Conclusions

The EC agreed that Europe is not making full use of its potential for domestic sourcing of resources, especially with worldwide rising in demand for raw materials. More coherence is needed in terms of land use, where land planning can help make better use of the finite space available and avoid barriers surrounding contrasting views of member states.

Annex: Agenda of the meeting

Raw Materials Week

12-16 November 2018



Responsible Supply of Raw Materials

13th November 2018

Le Plaza Hotel (Boulevard Adolphe Max 118-126, 1000 Bruxelles)

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- 09:30 - 09:40** **Welcome and Introduction** by **Mr Peter Handley**, Head of Unit, Resource Efficiency and Raw Materials, DG GROW, EC
- 09:40 - 11:20** **Session I: Panel Discussion on Responsible and Sustainable Sourcing and Extraction of Raw Materials for Competitive European Value Chains**
Chaired by **Ms Malwina Nowakowska**, Deputy Head of Unit, Resource Efficiency and Raw Materials, DG GROW, European Commission
- Ms Sofia Bournou**, Senior Advisor, BusinessEurope, International Relations Department
Ms Alice Pedretti, Senior Project Manager, CSR Europe/Drive Sustainability
Mr Guy Ethier, Senior Vice President, Umicore
Mr Louis Marechal, Policy Advisor, Extractives, OECD
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- 11:50 – 13:00** **Session II: Responsible Extraction of Raw Materials in the EU**
Chaired by **Ms Malwina Nowakowska**, Deputy Head of Unit, Resource Efficiency and Raw Materials, DG GROW, European Commission
- Untapped EU Minerals Potential – **Mr Daniel de Oliveira**, Head of the Mineral Resources and Geophysics Research Unit, LNEG & Chair of the Mineral Resources Expert Group, EuroGeoSurveys
What Raw Materials we get from the EU? – **Mr Constantin Ciupagea**, Land Resources Unit, JRC, EC
The regional dimension – MIREU project – **Ms Kristiina Jokelainen**, Director, Internal relations and S3 Implementation Regional Council of Lapland
Responsible extraction of industrial minerals in the EU – **Ms Aurela Shtiza**, European Industrial Minerals Association (IMA-Europe)
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- 14:00 – 16:00** **Session III: Panel Discussion on Responsible Investors and Financial Institutions for Sustainable and Responsible Sourcing and Extraction of Raw Materials**
Chaired by **Mr Peter Handley**, Head of Unit, Resource Efficiency and Raw Materials, DG GROW, EC

Mr John Howchin, Secretary General, Council on Ethics, Swedish National Pension Funds

Ms Louise Kranenburg, Advisor Responsible Investment and Governance, MN Dutch Assets Management

Ms Kristina Combe, Head of Regulation and Compliance, London Metals Exchange Group

Ms Joanne Lebert, Executive Director, Impact

Mr Christophe Roux, Managing Director & Head of Metals & Mining Finance EMEA & CIS in Societe Generale

16:30 – 18:00 Session IV: How to Improve Mineral Extraction in the EU?

Chaired by **Mr Peter Handley**, Head of Unit, Resource Efficiency and Raw Materials, DG GROW, EC

What lessons can be learnt from the Energy Union? – **Ms Adéla Tesařová**, Deputy Head of Unit, Resource Efficiency, Secretariat General, EC

The permitting process in the EU – **Mr Hubert André-Dumont**, Partner, McGuire Woods LLP

Minguide project, final recommendations – **Mr Andreas Endl**, Institute for Managing Sustainability, Vienna University of Economics and Business, Austria

Closing Remarks – **Mr Peter Handley**, Head of Unit, Resource Efficiency and Raw Materials, DG GROW, EC
