



# EPMF response to RAND Europe interview on indicative, non-exhaustive list of conflict affected and high-risk areas (CAHRAs)

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## 1. Background

- What are your current role, responsibilities and background?

*EPMF is supporting European companies working with gold, silver, rhenium and Platinum Group metals. Our 36 Member Companies and 3 national associations include world leaders in extraction, refining, and recycling of precious metals. They also include a highly-diverse range of companies involved in consumer and industrial applications that touch your lives as European citizens from jewellery to financial investments, from mobile phones in your pockets to the catalytic converters in your vehicles, and from solar panels to fast chargers for rechargeable batteries.*

## 2. Designing and presenting an indicative, non-exhaustive list of conflict affected and high-risk areas (CAHRAs) under Regulation (EU) 2017/821

- Considering the intended end-users of the CAHRAs list to be produced, what specific data and analysis would be most valuable to include in the list and in the country- and region-specific reports that it will comprise?

*Information on child labour, currently too little or even no information on child labour. Essential for PM sector to have it included. Also, information on rule of law and corruption would be valuable to have.*

*The reports should include:*



- the indicators used to determine CAHRAs and a link to the sources of information for each indicator (some indicators are composed of several sub indicators. Links to the sources could provide more clarity on what the specific drivers are for the indicator and country),
- region specific information, some countries are very large and concerns may only be relevant to the certain regions,
- the reason why it was categorized as CAHRAs, what were the indicators/issues triggering them to be a CAHRAs. Often a range of indicators is used to identify CAHRAs, resulting in a final score. The individual scores per indicator is very useful to have as this will clarify what the drivers are and what the further due diligence should be focused on,
- further, it would be useful to provide the development/historical overview of the issue.

Finally, it would be useful to receive more guidance on how to apply and use the CAHRAs list for the purpose of due diligence (there will be clear Red Flag countries, and at the other end of the spectrum clearly non-Red Flag countries, but what about the many in between?). EPMF members would like to see more clear guidance from EU on what area is considered as CAHRAs. Both EU and OECD have definitions on CAHRAs, but for us not everything is black and white, hence, it is indeed essential to clearly identify conflict-affected and high-risk areas.

- Considering the intended end-users of the CAHRAs list to be produced, what approach could be taken to presenting information? Are there any accompanying resources or products that you would find useful or suggest to be considered for inclusion as part of the CAHRAs list?

We would like to see online information that:

- can be updated easily,
- can be checked easily,



- *provides sufficient information in an efficient way (see reply above),*
- *informs users about the updates made updates are made (when and what was added).*

- Are there any online platforms presenting conflict and risk-related mapping and monitoring data that you have found useful in the past or that you would recommend the project team reviews during the design phase?

*EPMF members are using the list of open information sources that are mentioned in the [Commission Recommendation \(EU\) 2018/1149](#).*

### 3. Conceptualising conflict and high-risk areas

- What do you consider to be the main measurable quantitative and qualitative indicators of a conflict or high-risk area? Please consider indicators and drivers related to

Violence and armed confrontations - *direct and indirect support to non-state armed groups or to private and public security forces.*

Governance – *corruption, bribery, financing conflicts, terrorist financing, support armed groups.*

Economy - *money laundering, corruption, non-payment of taxes.*

Human rights – *child labor, rights at work, forced labor, widespread sexual violence.*

Natural resources - *bribery and fraudulent misrepresentation of the origin of minerals.*

*Some of the indicators listed above are relevant on their own (e.g. violence and armed confrontations), others only in combination with other indicators (e.g. economy or natural resources). High-risk areas are typically areas or countries with socio-economic and political crises, institutional weakness and weak rule of law, widespread violence including armed conflicts. Such countries are susceptible to widespread human rights abuses and violations of national or international law and represent*



*therefore a significant supply chain risk. Well-established indices can be used to determine those countries, ranking countries' performance on corruption, governance and human rights. Some examples are given below:*

*The World Bank maintains the Worldwide Governance Indicators:*

- *Voice and Accountability,*
- *Political Stability and Absence of Violence,*
- *Government Effectiveness,*
- *Control of Corruption,*
- *Rule of Law,*
- *Regulatory Quality*

*Further to these, a number of other institutions, think-tanks, non-governmental organisation and organisation from the UN system have developed a reliable indices, such as:*

- *Conflict Barometer*
- *Fragile States Index*
- *Universal Human Rights Index*
- *The Democracy Index*
- *Human Freedom Index*
- *Global Peace Index*
- *Corruption Perceptions Index*
- *ITUC Global Trade Unions Rights index*
- *Child Labour Index*

- Are there established methodologies or approaches you are familiar with or have used in the past to define and monitor conflict-affected and high-risk areas?

*A tool developed by the [TDI Sustainability](#). It is comprehensive and transparent.*

*Moreover, as it is indicated in the existing legislation, the list of metals/minerals is expected to expand in the future. It will be important to ensure consistency in the assessment across metals. This is a crucial requirement.*

*Information available on OECD and EU Commission website. Methodologies that were used OECD report on risk allegations (still pending).*



*Mapping of CAHRAs, e.g. virtual and living document (e.g. World Bank Governance Index), would be a very handy tool.*

- Are there any databases and repositories you are familiar with that you would recommend for the purpose of gathering data on indicators and drivers that could help define and monitor conflict-related and high-risk areas?

General country risk information: *INFORM – Index for risk management, World Bank Governance Index.*

Abuses of human rights: *UN Global Database on Violence against Women.*

Conflict and security: *Institute for Economics and Peace - Global Peace Index, Heidelberg Conflict Barometer.*

Money laundering/corruption/non-payment of taxes: *Transparency International Country Profiles, FATF List of High-Risk Jurisdictions.*

Mineral resources and production: *EU Raw Materials Information System.*

*Good source of information can be obtained by Verisk Maplecroft - a leading risk data and analytics company that maintains Human Rights Dataset, which consists of 32 indices assessing key elements of the human rights and development environment, however the cost might be a consideration to some companies.*

#### 4. Interview close

- Is there anyone else that you would recommend us speaking with, or any documentation you would recommend us reviewing as part of our ongoing project? – *Glencore expressed its interest to be interviewed.*
- Do you have any closing remarks or questions for the study team?

*EPMF members support EU Commission's work on responsible sourcing and strongly recommend to develop consensus approach for identifying CAHRAs, we also expect more clear recommendations and guidance of CAHRAs application and use.*



- If we have any further questions or clarifications, would you be happy for us to contact you again? – **Yes.**
- Would you be happy to be contacted for future elicitation and validation activities under this project? – **Yes.**