

German government adopts stricter due diligence obligations for the import of conflict minerals

Article by Daniel Wuhrmann and Jan Sune Krey

On 6 November 2019, the German government published a [bill](#) to promote responsible conduct in the procurement of "conflict minerals." Minerals such as gold, tantalum, tin and tungsten are routinely used by manufacturers in the automotive industry, as well as in smart phones. However, end users of these products are often unaware that the production of these minerals is frequently associated with child labor, pollution and human rights violations.

The bill, whose short title is the "Minerals Due Diligence Obligations Act," * requires companies to verify annual import volume, origin and mode of shipment, as well as assessing whether imported metals and minerals are subject to risks in the supply chain. This assessment is to be based on the OECD Due Diligence Guidance for Responsible Supply Chains.

The [Federal Institute for Geosciences and Natural Resources](#) is responsible for implementing the Act, in conjunction with the customs authorities.

If this law is enacted, affected companies will have to reassess their risk management systems and create transparency in their supply chains. By way of example, we can mention two automotive conglomerates which are already striving for greater sustainability in their supply chains as a means of fulfilling their corporate social responsibility (in projects which have been announced to the public). [Volkswagen](#), for example, has identified [sustainability as a binding criterion in awarding contracts to suppliers](#), and the Swedish manufacturer [Volvo](#) plans to make the [cobalt in its supply chain traceable using Blockchain technology](#) (cobalt is used in the production of high-voltage batteries).

While there is reason for hope, it remains to be seen whether and how all of this will help channel proceeds from the sale of minerals in conflict-affected and high-risk areas in a more socially responsible direction. What is clear

is that German companies will soon be required by law (as of 1 January 2021, based on current plans) to analyze their supply chains more closely and to act in accordance with the new law.

*Act to Implement Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas



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