

Euromines feedback to the delegated act on climate change mitigation and adaptation criteria under the EU Taxonomy

Brussels, 18 December 2020

As the recognized representative of the European mineral raw materials industry covering more than 42 different metals and minerals and employing 350.000 directly and about four times as many indirectly, Euromines welcomes a European Green Deal to put Europe on the right track to a sustainable future and is prepared to take the necessary measures to make it the world's first climate neutral continent.

Primary production of metals and minerals, which remain abundant, will play an important role in delivering the European Green Deal¹ and increased sustainable supply from European sources will be needed in order to make the sustainable transition:

- products will become more durable, shared more and re-used more, materials will remain in use even longer than today;
- even so, the proposed deep transformation of the economy will require significantly more metals and minerals, as more sustainable standards of living are established;
- meaning that even with increased recycling, its contribution to raw material supply will continue to vary and there will remain a significant need for primary production.

Euromines welcomes the European Commission's policy commitment to include non-energy mining sectors in Delegated Acts on Taxonomy by the end of 2021

Mining and quarrying activities are essential in terms of mitigating supply risk generally, e.g., providing materials for the deployment of low-carbon technologies, and increasing the resilience of manufacturing value chains². The European minerals sector can secure availability of critical materials needed for current and future technologies to create a climate neutral, service and welfare orientated, circular and resource efficient economy

¹ SWD(2020) 100 final; European Commission (2020), Critical materials for strategic technologies and sectors in the EU – A foresight study (in press); JRC (2017), Critical raw materials and circular economy – background report. doi: 10.2760/378123

² See also the JRC interactive tool 'Materials that are critical to our green future', available at <https://visitors-centre.jrc.ec.europa.eu/en/media/tools/materials-that-are-critical-to-our-green-future>

while sourcing raw materials in a sustainable and responsible way. Raw materials from European sources will be crucial in rebuilding Europe's economy after the Covid-19 crisis and to address disruptions in supply chains for downstream industries, including food production, pharmaceutical and medical supplies. The sector continues to contribute to a higher EU resilience to crises as just experienced.

Euromines therefore welcomes the European Commission's Critical Raw Materials Action Plan and its commitment to develop sustainable financing criteria for the mining, extractive and processing sectors in Delegated Acts on Taxonomy by end 2021 together with the Platform on Sustainable Finance³. European mines and quarries contribute substantially to climate change mitigation through their own performance improvements, and even more by enabling the transformations of the economy needed to achieve reductions in greenhouse gas emissions from all sectors:

Environmental sustainability of mining in the EU is assured by application of the EU environmental *acquis*, national mining legislation, international management standards and best practice guidelines. Together, these require that all EU mining operations use superior practices and techniques and achieve a high general level of protection of the environment in each of their unique site-specific contexts.

European mineral products also enable – and indeed are essential for – emission reductions and adaptation in other sectors of the economy. The TEG mentions for example, Aluminium for lightweight cars; Copper for electrics and motors in electric vehicles, solar panels and wind turbines; Battery metals (Cobalt, Lead, Lithium, Manganese, and Nickel) for clean mobility and grid storage batteries; Zinc and Cobalt for protecting off-shore wind turbines; Silicon in solar panels; Precious metals for clean mobility and solar panels. A host of other minerals and metals are additionally required for sustainable value chains, including Iron Ore, Tungsten and Magnesite. A sustainability aspect that is frequently overlooked is the need for Phosphorous and Potassium for biomass production, and sustainable agriculture and food supply.

Purpose and applicability of the Commission Delegated Regulation (CDR)

To clarify which economic activities can be considered sustainable for investment purposes, the CDR should address simultaneously: the sustainable supply of the raw materials needed to support each economic activity; the population's well-being and the securing of European value chains; the contribution of other activities upstream and downstream; and the closure of associated material loops (the shift from a linear to a more circular economy always taking into account the necessity of primary raw materials). Only through a secured and

³ COM(2020) 474 final COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE regions on Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability

integrated supply chain approach can real advances in climate change mitigation and adaptation be understood, achieved, and evaluated over a longer-term horizon.

That is why we are very concerned that the draft Delegated Regulation now introduces thresholds under the “do no significant harm” (DNSH) criteria that refer to (i) median values based on the methodology and data collected for the definition of the revised ETS benchmarks for phase IV, and/or (ii) the average carbon footprint of the European electricity mix. Such proposals, which are strictly based on the carbon content of the electricity consumed and therefore its location, do not take into account the global dimension of raw-material supply chains. Basing the DNSH criteria on the average footprint of the European electricity mix disregards the important differences that exist between the electricity mixes in different Member States. EU Taxonomy DNSH criteria must in all cases reflect the global context. This is absolutely necessary to ensure that European industries are not labelled as doing ‘significant harm’ to the environment despite having a performance that ranks as globally leading. If this issue is not fixed in the first Delegated Act, a precedent will be set whereby European producers are penalised by the EU Taxonomy to the benefit of less sustainable producers in other regions of the world.

In Conclusion

Euromines members call upon the European Commission to:

- ensure that experts from the non-energy mining and quarrying sectors are adequately engaged in the work of the Platform on Sustainable Finance;
- modify the first Delegated Act to remove those thresholds for “do no significant harm” that penalise global leaders operating in full compliance with EU law; and
- ensure that rules and procedures are clarified such that similar thresholds do not appear in the “do no significant harm” criteria within future Delegated Acts.

Yours sincerely,

(signed electronically)

DG GROW C.2