



POSITION PAPER

MINERAL EXPLORATION AND THE EU TAXONOMY REGULATION

EFG Expert Panel on Minerals – June 2021

The European Union's taxonomy scheme is developing a listing of environmentally sustainable economic activities with a view to boosting sustainable investment practices. In this regard, the European Federation of Geologists highlights the importance of best practices in mineral exploration as the sector can provide a significant contribution to the achievement of the European Green Deal.

Authoritative studies by the European Commission, the World Bank, and more recently by the International Energy Agency all predict that if Europe is to achieve the vision laid out in the Green Deal there will need to be a significant increase in the supply of raw materials. The studies further recognise that today's supply and investment plans fall well short of what is needed.

In supporting the European Commission's strategies, the European Economic and Social Committee recognised that the extraction of raw materials is a fundamental step in the deployment of green energy technologies and highlighted the importance of supply security to the 30 million jobs that depend on unhindered access to mineral raw materials.

The EU currently produces less than 5% of world production of mineral raw materials. This is the outcome of decades of policy decisions to outsource Europe's raw material requirements – and with it, the societal obligations – to non-European jurisdictions. Such a policy is not environmentally, or economically, sustainable.

To ensure security of supply the European Commission adopted its raw materials initiative, a tripartite strategy of trade diplomacy, sustainable development of domestic resources, and resource efficiency and recycling. This was followed by the adoption of technical screening criteria within an EU-wide Taxonomy Regulation, which aims to ensure that capital flows are directed to economic activities that are environmentally sustainable. The current EU taxonomy classification is focusing on six main objectives including climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and the protection and restoration of biodiversity and ecosystems.

The screening criteria published to-date do not specifically address the mining or the mineral exploration sector. However, the June 2019 Taxonomy Technical Report recognised the contribution that the sector must play in meeting the objective of a climate-neutral Europe by 2050 and recommended analysis of the sector's role in the delivery of raw materials in a sustainable and responsible way.

It is considered that mineral exploration – while conducted according to international best practices – can play a significant role in the future sustainability of the continent when measured against the four criteria specified in the Taxonomy Regulation:

1. To reach the goals of the Paris Agreement requires a quadrupling of mineral raw material requirements for clean energy technologies by 2040. At a global level it will be essential that priority be given to the exploration for, and development of, resources close to their point of incorporation into products and to the market for those products.



2. Responsibly conducted mineral exploration of the resource potential within prospective European terranes has a direct impact on climate adaptation by reducing dependence on trans-global supply chains, as well as ensuring production within well-regulated jurisdictions.
3. Recycling may relieve some of the pressure on primary supply. Nevertheless, given increasing demand for mineral raw materials recycling will not eliminate the need for continued investment in the discovery, delineation and development of new resources.
4. Discovery of resources and development of new mining operations within a well-regulated resource jurisdiction - such as Europe - will, by example, have a global impact on promulgating best practice and the adoption of best available technologies.
5. No jurisdiction can opt out of its responsibility to contribute to these supply requirements.

As evidenced by recent successes, such as at Sakatti (Cu-Ni, Finland, 2008), Norra Kärr (REE, Sweden, 2009), Neves Corvo Semblana (Cu, Portugal, 2010), Cukaru Peki (Cu-Au, Serbia, 2012) and Tara Deep (Zn-Pb, Ireland, 2012), Europe has the potential for resource discovery. However, these discoveries are outliers as Europe does not attract significant exploration funding due to an industry perception that the Region is not investment friendly. It is therefore important that steps are taken to address this perception and to put policies in place that will encourage and support mineral exploration.

The mineral exploration sector is well-regulated in those European jurisdictions that are currently rated as most attractive to investment. In addition, the sector and its associated professional organisations have adopted corporate specific and voluntary codes for best Environmental-Social-Governance (ESG) practice.

The European Federation of Geologists, through the award of its internationally-recognised European Geologist (EurGeol) professional title and membership of the Pan-European Reserves and Resources Reporting Committee (PERC), has taken a leadership role in promulgating best practice standards in mineral exploration.

The PERC Standard sets out the minimum competency standard for experts making estimates of the quantities and value of mineral resources and provides guidelines for the publicly reporting of mineral exploration targets, exploration results, mineral resources and mineral reserves. As a member of the CRIRSCO-family of reporting codes, the Standard is based on the principles of transparency, materiality, competence and accountability, and includes detailed guidance on the environmental, social performance and governance context that must be taken into consideration.

For this reason, the European Federation of Geologists stands ready to strongly support policies that facilitate and encourage well-managed, environmentally and socially-compliant mineral exploration programmes within prospective European terranes and further adoption of the new EU Taxonomy for mining activities.

The **European Federation of Geologists (EFG)** is a professional organisation representing geoscientists from 27 national member associations across Europe. It confers the internationally-recognised European Geologist ("EurGeol") professional title to suitably qualified candidates. For more information see: www.eurogeologists.eu

The **EFG Expert Panel on Minerals and their Sustainable Use** contributes to the development of European Policies by preparing advisory documents for the European Commission and EU Parliament. The Panel consists of approximately 40 experienced professionals from several European countries, many of them holding leading positions in the public and private sector.



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