



RE-SOURCING
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Drivers of Responsible Sourcing: Find Common Ground, Prompt Collective Action, Create Lasting Change.

Abstract: This briefing document explains the narrative behind the first annual conference of the RE-SOURCING Project: ‘Drivers of Responsible Sourcing- Common Ground, Collective Action, Lasting Change’ (18-19 January 2021). In this document, the project team shares its understanding of the drivers impacting the implementation of Responsible Sourcing(RS) approaches and the role played by the main actors; to better understand the path RS approaches need to converge on and chart for the future, in a bid to achieve a level playing field across mineral value chains, from extraction to end-of-life product management.

The [RE-SOURCING Project](#) aims to build a global stakeholder platform for responsible sourcing. The project addresses the challenges facing businesses, NGOs, and policy-makers in a rapidly evolving ecological, social, business and regulatory world; through a collective, consultative, and industry & civil society driven approach. RE-SOURCING is funded by the European Commission’s Horizon 2020 programme and runs from 1 November 2019 to 31 October 2023.

1. Introduction

The interplay of social, economic, environmental and political factors is currently driving the Responsible Sourcing (RS) Agenda across global value chains in the extractive and related industrial sectors. While actors and processes that support this agenda are well identified, frameworks and the standards that support and result from them, and the process generated, are largely discussed in a 'standalone' setting. Their operationalisation, however, is multifaceted and the Re-Sourcing Project is keen to promote peer learning and knowledge sharing around the how, what and why of these operationalisation processes.

In the first annual conference of the RE-SOURCING Project, the themes and sessions examine the journey from concept to implementation, asking questions around practicality and enactment: [How can the global community around Responsible Sourcing bring together its experiences and lessons to chart a more cohesive path for the future?](#)

Actors & Processes drive responsible sourcing, with Mitigating Factors influencing their interaction

The narrative behind the conference begins with a simple premise: there are actors and processes that are currently guiding the global RS Agenda, with mitigating factors focusing on accountability. that influence the efficacy of these actors and processes. Given the time limitations of a conference, we concentrate our discussions on select actors and processes, acknowledging that those we could not address, remain important.

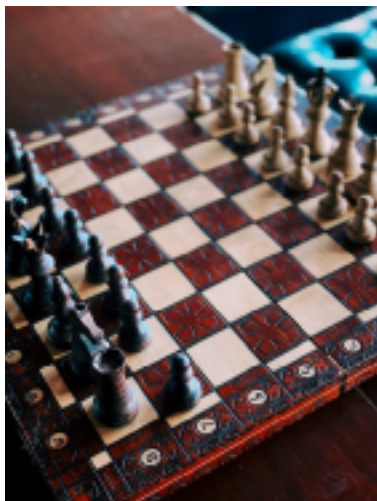
This briefing document outlines the actors and the processes that we believe are driving the current RS agenda, the mitigating factors that affect their effectiveness, and the resulting implementation of RS practices. For more details on what RS agendas entail, please refer to the [State of Play: The International Responsible Sourcing Agenda report.](#)

Drivers

The RE-Sourcing team defines drivers as the international systems and entities which govern and enact the RS agenda across value chains. Two sets of drivers are being considered at the annual conference: Actors and Processes. A third factor, impacting the interaction of the first two are Mitigating Factors.

Actors are understood to be those entities that can act directly on RS agendas, through their industry operations, advocacy and monitoring activity, regulations and standards and directing financial investments. These actors are primarily responsible for implementing RS processes and objectives. They include companies, communities, governments, civil society and financial institutions.

Processes are developed by actors to assist in implementing their intended RS goals. These can include guiding principles, regulatory frameworks and systems, due diligence guidelines, ESG standards and benchmarks, reporting templates and certification schemes etc. These processes will reflect the intention, ambition, capabilities and understanding of RS, of the actors.



Mitigating Factors impact the relationship between the actors and the processes and determine the extent to which their objectives are achieved. Mitigating factors generally address the task of accountability. Whether this is through peer monitoring through business alliances, reputational risk through media coverage, auditing and certification through third-parties, or the collective action of labour unions. The three drivers engage in a trilateral dialogue, formulating RS objectives (actors), designing processes (standards) for their implementation, and modulating the interaction between actors and processes (mitigating factors). The mitigating factors influence how successful these objectives and their implementation are, holding actors to account, often leading to the redesign and revision of objectives and the processes used to implement them. For successful implementation of RS practices, all three need to work in unison; focusing on one aspect alone has resulted in a fragmented and incomplete uptake of RS across mineral value chains.



Figure 1: Actors and Processes Shaping the RS Complex

Successful Responsible Sourcing implementation requires all three vectors to work in unison

Implementing RS

How do we know RS has been achieved? Some actors choose the path of certification, whilst others use performance indicators to construct Environmental, Social and Governance (ESG) metrics. Some actors choose to capitalise on their reputation as good actors without third-party verification, because they either operate in highly regulated jurisdictions, or strive to attain the public image of a responsible business. Increasingly, many actors are facing legal actions on their performance and operations.

There remains lack of clarity on when we can consider RS achieved: is it a process or an end that can be measured? While we all believe we 'know' what RS practices are, do any two actors agree on their perception of RS? Do RS processes compliment or contradict each other leading to ineffective implementation? Who decides if RS practices have in fact met their objective? These are emerging tensions within the RS arena.

Therefore, this conference examines what the implementation of RS looks like in practice, taking the viewpoint of those who advocate for it, those who measure and certify it and those who report on it.

Power Dynamics

It is not possible to talk about processes and implementation of RS agendas without taking into account the power dynamics amongst the actors. Actors with greater power (economic, political, regulatory) are able to influence the responsible sourcing agenda more than those who do not. As with actors, the power dynamics behind the proposers and followers of processes can vary, depending on the influence of the proponents of a process. Processes that are backed or taken up by more powerful actors are also likely to have higher visibility and uptake than others. This is not to suggest that ‘weaker’ actors and processes are not heard, but to what extent can they influence the responsible sourcing complex is unclear.



Mitigating factors play an essential role in compensating an imbalance of power that may exist within the actors and processes. However, we must acknowledge that there are also power dynamics within the mitigating factors themselves – access to finance, political agencies, communication channels etc. influence the level and nature of RS actions.

A final consideration about our actors and processes: they may not have the same sustainability objective – some wish to promote demineralisation whilst others wish for mining to occur anywhere but in their own back yards. Some take a nationalistic approach of “we will only address issues in our jurisdiction”, while others wish to take on a global approach, where all nodes in the value chain must be governed by similar standards.

Power imbalances lead to tensions within the Responsible Sourcing complex

The noted imbalance of power amongst actors and the processes they take-up, leads to tensions within the RS spectrum, with indifference at one end and greenwashing at the other. While RS practices are being widely advocated, to what extent are they actually taken up? Have these practices shown themselves to be valid and stress-tested? Are they realistically implementable? Do they create a level playing field?

These fragmented objectives, power dynamics and approaches impact how mitigating factors impact the drivers themselves, and all three combined address the implementation of a global responsible sourcing agenda.

The implementation of RS agenda(s) within a level playing field needs to be clarified. Implementing a RS agenda can be essential for attaining business competitiveness, but should all firms be required to meet the highest standard or the lowest common denominator? What happens for those who do not follow the rules? A level playing field implies two things: First, the rules should be similar for all comparable actors and second, those who need more assistance should be provided with the help to achieve implementation to reach common standards. Please see [Responsible Sourcing: The Case for Business Competitiveness](#) for a more in-depth discussion of this argument.

2. The Conference Agenda

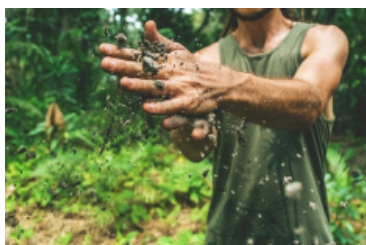
Over two days, with four sessions focusing on individual drivers, the conference aims to critically examine the role of actors and the processes they employ, from a practitioner's view, to understand common ground achieved, and the collective action required in the future, to ensure RS implementation is not only sustainable but contributes to a level playing field.

The opening session of the conference will begin with creating a common understanding of the drivers and needs for establishing a level playing field in the establishment of RS practices. The introductory session will focus on the more general aspects of RS, with more focused sessions to follow.

Session 2: Awareness Building & Advocacy

The second session examines the global pledge to leave no one behind and asks the question: How do we ensure those most vulnerable and negatively impacted within mineral value chains are heard within RS implementation?

Despite the COVID 19 crisis, the demand for minerals continues to increase, with the extractive, manufacturing and recycling sectors still experiencing serious human rights abuse and environmental risks. While great strides have been made from civil society, governments and companies, there remain cases where the most affected often do not find the power or means to make themselves heard in the process of changing these risk and abuse patterns.



- What are the possibilities for affected 'frontline communities', workers and environmental groups to raise awareness and concerns of the impacts of mineral sourcing?
- What examples of successful engagement between companies, communities, civil society and other relevant stakeholders can we learn from?

The role of advocacy and awareness building and their implications for sourcing practices by all actors remains essential to inform decisions and change perceptions. But how have the advocacy actors and processes held up in promoting the RS agenda?

Session 3: Industry Frontrunners & Business Alliances

The third session considers the case for improving business competitiveness & reputation in RS, asking two key questions: *How are frontrunners driving the case for RS and can alliances level the playing field for sustainable change?*



- What drives business frontrunners to implement RS and what puts them off – both in terms of business cases and social & environmental responsibility?
- Can frontrunners achieve impact and advance RS on their own – what do they require and what is required from them?
- Why and how do frontrunners and alliances interact and how does this impact RS implementation?
- What is needed from alliances to support companies to provide effective and inclusive mechanisms to encourage RS for the benefit of all members?

Businesses are key actors that operationalise RS along the entire value chain, from extraction to end-of-life management. With growing political & consumer pressures for more sustainable practices, supply risk mitigation and ethical behaviour are driving industry frontrunners to develop innovative RS practices. In addition, individual businesses are forming alliances to develop and share guidance amongst peers to encourage a level playing field. However, companies equally face obstacles and have red lines they cannot cross based on business interests, regulations and dependencies. How successful are alliances as mitigating factors in driving RS forward? Can and should frontrunners do more alone?

Session 4: Regulations and Standards

Given the plethora of voluntary standards and emerging mandatory policies in the RS arena, this session asks the question of *whether this interplay leads to a mutually supportive or conflicting relationship in fostering a level playing field for actors?*



- What are the advantages of policy or standards for creating a level playing field for RS?
- Against the background of many and diverse policies and standards, is there interplay supportive or inhibitive for facilitating RS?

Government policies, regulations and business standards are essential for creating a level playing field on RS. However, it is yet unclear how effective the different mandatory and voluntary approaches are in bringing about RS practices to a common standard. Such a patchwork of instruments run the risk of creating unclear requirements of RS, threatening the efficacy of global efforts to implementing RS. Does RS need to have an agreed set of definitions and practices at the global and national level? How do you resolve the overlap between standards and regulations and are we promoting a race to the top or the lowest common denominator?



Session 5: The Role of Investors

The financial sector is a relative newcomer to the RS implementation space, and its role is still unclear. With a number of tools being developed for RS evaluation, this session asks the question: How can the financial sector push for more Responsible Sourcing – the role of ESG ratings, impact investment and other strategies? As the financial sector continues to gain momentum through growing shareholder activism, and commitments to international agendas such as the Paris Climate Agreement and the European Green Deal, it is without question that investors wield substantial power to drive RS through their decisions. However, unresolved tensions exist within and beyond the global investment community as to its role, to what extent can they realistically impact RS and how should they exercise their financial might? Do financial investors, with the power of money, oversimplify the RS agenda leading to greenwashing?

- How do you increase the prioritisation of RS within a diverse group of financial actors?
- What is and should be the main goal of the financial sector regarding RS?
- What investment vehicles and mechanisms are most effective to drive RS and how do they integrate/interact with RS approaches outside the investment sector?
- How do we avoid – intentional or unintentional – green washing through these mechanisms?

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Session 6: Where Do We Go from Here?

As we wrap up our first annual conference, the project team will look at lessons learnt and the tasks that remain to be achieved in generating a level playing field for RS. The final session invites key speakers to reflect on how actors and processes are driving the RS agenda and if a path correction is required.

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