



re-sourcing

IRMA as Flagship Case (Good practice example)

Responsible procurement by using a strong standard

Case Introduction: Why IRMA is a strong standard and how purchasing companies can use their market leverage to encourage mines to be audited and ultimately improve practices in the industry.





Case Study Learning Objectives

1. **Learning how** to identify a strong standard.
2. **Understand the benefits** of encouraging mining suppliers to be assessed against a strong standard as a powerful tool in responsible sourcing.
3. **Get insights into** the procedure of the certification and joining the standard with the example of the automobile industry.

**BMW
GROUP**

DAIMLER



BMW, Daimler (2020), Ford, and General Motors (2021) join IRMA as members, signifying their commitment to encourage mining companies to engage in IRMA through third-party assessment.



Case Context

- Vast number of different guidelines, certification schemes and standards in the mining sector with different scopes (material specific, geographical focus, social focus, etc.). Not only the different scopes, especially the **development of the standards** are different.
 - IRMA offers a **comprehensive global standard** covering all industrial mined materials (except energy fuels) including social responsibility, environmental responsibility, business integrity and planning for positive legacies. IRMA was developed by including different stakeholders including NGOs and communities (equal voices) in a **public consultation process**. It is especially important to note that IRMA is multi-stakeholder governed, giving equal voice and vote to all stakeholders at the table.
- The automobile industry is criticized for not paying sufficient attention to environmental and social challenges in battery production with the transformation to e-mobility
 - **Automobile companies** like BMW, Daimler, (2020), Ford and General Motors (2021) **joining IRMA** and some of them pledging to source from IRMA-certified mines (including in purchasing contracts)



Good Practice Aspects I: IRMA is a strong standard

1. IRMA is a **comprehensive global standard** covering all industrial mined materials (except energy fuels) including social responsibility, environmental responsibility, business integrity and planning for positive legacies
2. IRMA is **governed equitably by a diverse set of stakeholders** (including NGOs, mining-impacted communities and labor)
3. The **decision-making process is based on consensus** (support is required from all sectors; no single organization, company, or stakeholder sector has authority to make decisions that are not supported by other stakeholder groups)
4. The IRMA standard was developed through a **public consultation** process (receiving more than 2,000 comments from over 100 individuals/organizations). The standard has gone through **multiple drafts** to improve it and had **field tests** to simulate the mine audits.
5. IRMA has a **step-by-step improvement approach** (no pass/fail certification system)
6. IRMA uses **independent audits** with desk review, on-site visits to every mine and stakeholder engagement (input from communities, NGOs and mine workers)
7. IRMA **audit reports are published** on IRMA's website for anyone to review



Good Practice Aspects II: Automobile companies joining IRMA and including IRMA in the purchasing contracts

1. Companies like BMW joining IRMA and publicly expressing their aim to source raw materials (such as platinum, copper, lithium, graphite or nickel) from mines assessed through IRMA.
2. Procurement has concrete specifications for purchasing selected raw materials.
3. For consumer-facing brands, such as car companies, IRMA allows an unprecedented level of transparency into the operations of their raw materials suppliers so they can understand current practices and encourage change where needed.

Challenges addressed

- Challenge: Too many different standard on the market without knowing if it is a strong one → Producing (also mining companies) companies using one strong standard. Applicability to all industrially mined materials
- Challenge: How to start a responsible procurement → Ensuring responsible procurement by using certified products



Limits of the Flagship Case

- IRMA is validating specific sites, not complete companies, which poses the risk that companies will adorn themselves in total with only one certified mine. (That said, it should be noted that most risks related to mining occur at the site level, so mine-site certification has always been an important tenet of IRMA.)
- Mining companies can still find customers with lower standards.
- At present, some OEMs are focusing on sourcing certain materials by IRMA's standard, not all of them.
- IRMA focuses on primary raw material extraction (no focus on reducing raw material input by using secondary material) and industrial scale (no ASM). That said, it can be noted that IRMA has a chapter on the interaction between large-scale and artisanal-scale mining, and also works closely with certification systems for ASM to be certain the systems are complementary.
- By now, only 2 sites are certified globally. (However, as of January 2022, eight are undergoing third-party assessment.)
 - Company: Carrizal Mining; Mine site: Carrizal's Zimapan mine; Country: Mexico; Minerals: lead, zinc, copper, silver; Mine site assessment report published October 2020 (achievement level: Transparency)
 - Company: Anglo American Platinum; Mine site: Unki; Country: Zimbabwe; Minerals: platinum, palladium, gold, ruthenium, iridium; Mine site assessment report published February 2021 (achievement level: 75)

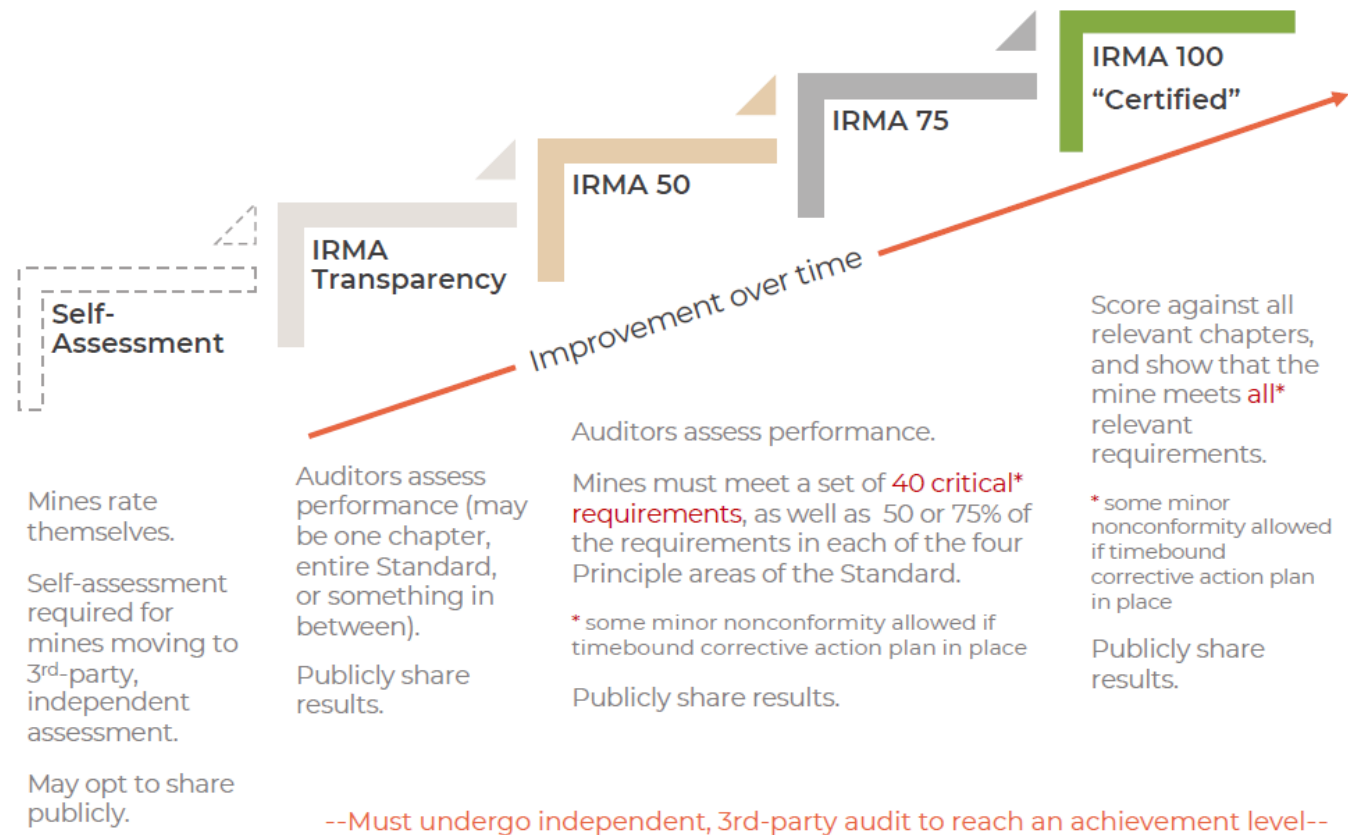
Multi-stakeholder governance

Mining Companies	Purchasing Companies	NGOs	Organized Labor	Affected Communities	Investors and Finance*
Anglo American	Tiffany & Co.	Earthworks	United Steelworkers	First Nations Advocating Responsible Mining (Canada)	*New sector with board members currently being considered.
ArcelorMittal	Microsoft	Human Rights Watch	IndustriALL Global Union	Mining Affected Communities United in Action (South Africa)	

Mult-Stakeholder governance – each sector has the same voting rights



Achievement levels and improvement





Current Engagement of the Mining Sector in IRMA

17 mining companies
are IRMA members /
pending members

48 mining companies
are now engaged in IRMA,
representing

66 mines registered in
the system

Countries

1. Argentina
2. Australia
3. Brazil
4. Canada
5. Chile
6. Colombia
7. Dominican Rep.
8. Finland
9. France
10. Indonesia
11. Liberia
12. Mexico
13. New Caledonia
14. Philippines
15. Russia
16. South Africa
17. Spain
18. Sri Lanka
19. Ukraine
20. United States
21. Zimbabwe

Materials

1. Aggregate
2. Barite
3. Chrome
4. Cobalt
5. Copper
6. Clay
7. Diamonds
8. Gold
9. Graphite
10. Iron
11. Lead
12. Limestone
13. Lithium
14. Nickel
15. Palladium
16. Platinum
17. Rhodium
18. Sand
19. Silver
20. Strontium
21. Titanium
22. Vanadium
23. Zinc
24. Zirconium
25. *Rare Earths*



2006

IRMA founded

2014

First draft

2016

Second draft

2018

Released standard

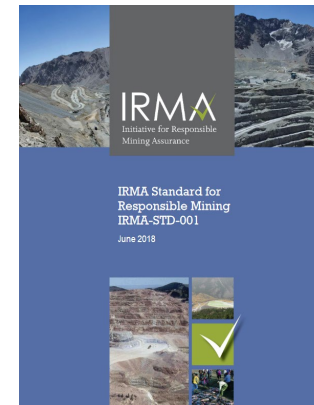
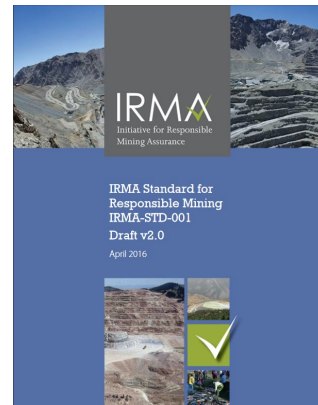
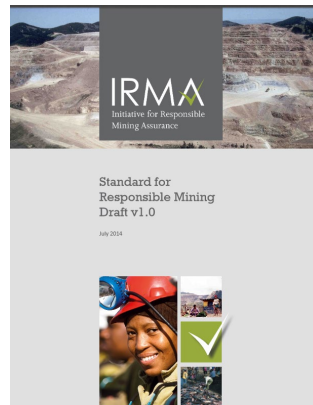
2019

Certification system

2020

1st audit report

IRMA was founded in 2006 by a coalition of nongovernment organizations, businesses purchasing minerals for use in their products, affected communities, mining companies, and labor unions.



Unki Mine
(Pt, Pd, Au, Ru, Ir)
operated by Unki Mines in Zimbabwe (mine owner: Anglo American);
Audit date: Nov/Dec 2019

Zimapan Mine
(Pb, Zn, Cu, Ag)
operated by Carrizal Mining in Mexico (mine owner: Minera Cedros);
Audit date: Feb 2020



The IRMA Standard's 26 Chapters

Business Integrity

- Legal compliance
- Stakeholder engagement
- Stakeholder grievance mechanism
- Human rights due diligence
- Revenue transparency/anti-corruption

Social Responsibility

- Labor rights
- Worker health & safety
- Community health and safety
- Conflict-affected areas
- Security arrangements
- Cultural heritage protection
- Artisanal and small-scale mining (ASM)

Environmental Responsibility

- Water management
- Waste (tailings) management
- Air quality
- Greenhouse gases emissions
- Noise management
- Biodiversity, ecosystem services, protected areas
- Cyanide management
- Mercury management

Planning for Positive Legacies

- Environmental and social impact assessment and management
- Free, Prior and Informed Consent
- Community support and benefits
- Resettlement
- Emergency preparedness and response
- Planning and financing reclamation and closure



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Purchasing companies joining IRMA

Current status of purchasing companies as IRMA members

**BMW
GROUP**

CAST



DAIMLER

FAIRPHONE



SCHAEFFLER

TIFFANY & CO.

VIVARA

In addition to the purchasing companies also Mining companies, Mining – Exploration / Development companies as well as NGOs, Labor Unions, Communities, Other Standard Setters, Consulting / Expert Services are IRMA members



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BMW GROUP SUSTAINABLE SUPPLY CHAIN MANAGEMENT.

Re-sourcing flagship lab.



25.01.2022
Claudia Becker



Rolls-Royce
Motor Cars Limited

2020: “BUSINESS MODEL AND SUSTAINABILITY CANNOT BE SEPARATED”.



“We are moving sustainability to the **center** of our **further direction**. We anchor this in all departments: from **administration** and **purchasing** to **development** and **production** to **sales**.

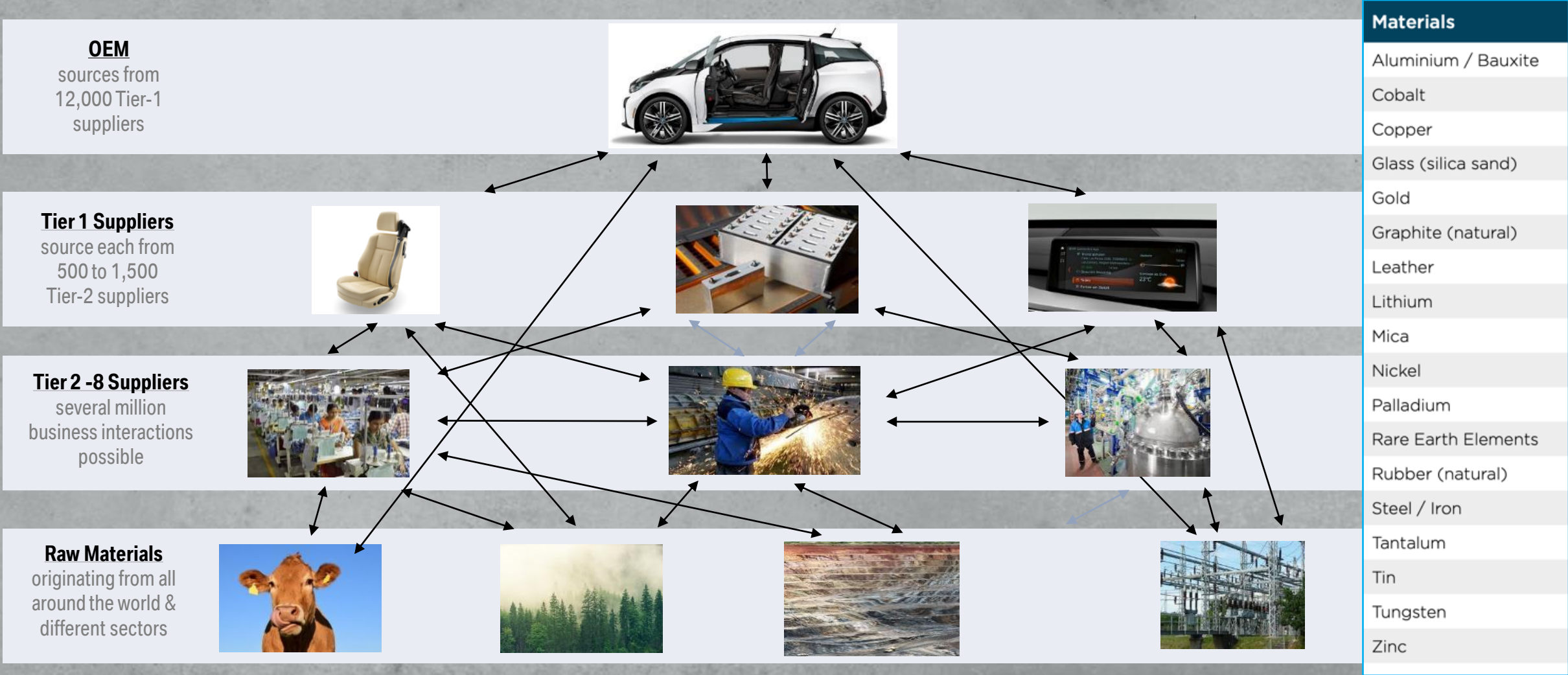
So we don't make sustainability at BMW - **we make BMW sustainable.**“

**"AT THE BMW GROUP, SUSTAINABILITY BEGINS IN THE SUPPLIER NETWORK"
ANDREAS WENDT, BOARD MEMBER FOR PURCHASING, SUPPLIER NETWORK.**



**"Our aim is to ensure
the most sustainable supplier network
in the entire industry"**

THE COMPLEXITY OF AUTOMOTIVE SUPPLY CHAINS POSES CHALLENGES FOR TRANSPARENCY AND RESPONSIBLE SOURCING.



BMW TOOLKIT TO AVERT POTENTIALLY NEGATIVE EFFECTS OF BUSINESS ACTIVITIES IN RAW MATERIAL SUPPLY CHAINS.

▶ **ELIMINATION / SUBSTITUTION / REDUCTION**

▶ **TRACEABILITY / TRANSPARENCY**

▶ **AUDITING OF SMELTERS**

▶ **COOPERATION WITH MINES**

▶ **PROVISION OF MINERALS**

▶ **CASCADING REQUIREMENTS**

▶ **CERTIFICATION**

▶ **DEVELOPMENT OF CERTIFICATION SYSTEMS**

▶ **CLOSING MATERIAL CYCLES**

▶ **QUALIFICATION AT THE SUPPLIER LOCATION**



ANALYSING THE COMPLEX LANDSCAPE OF SUSTAINABILITY STANDARDS FOR MINERAL SUPPLY CHAINS.

Commodity TopNews

Fakten • Analysen • Wirtschaftliche Hintergrundinformationen

MAPPING SUSTAINABILITY STANDARDS SYSTEMS FOR MINING AND MINERAL SUPPLY CHAINS

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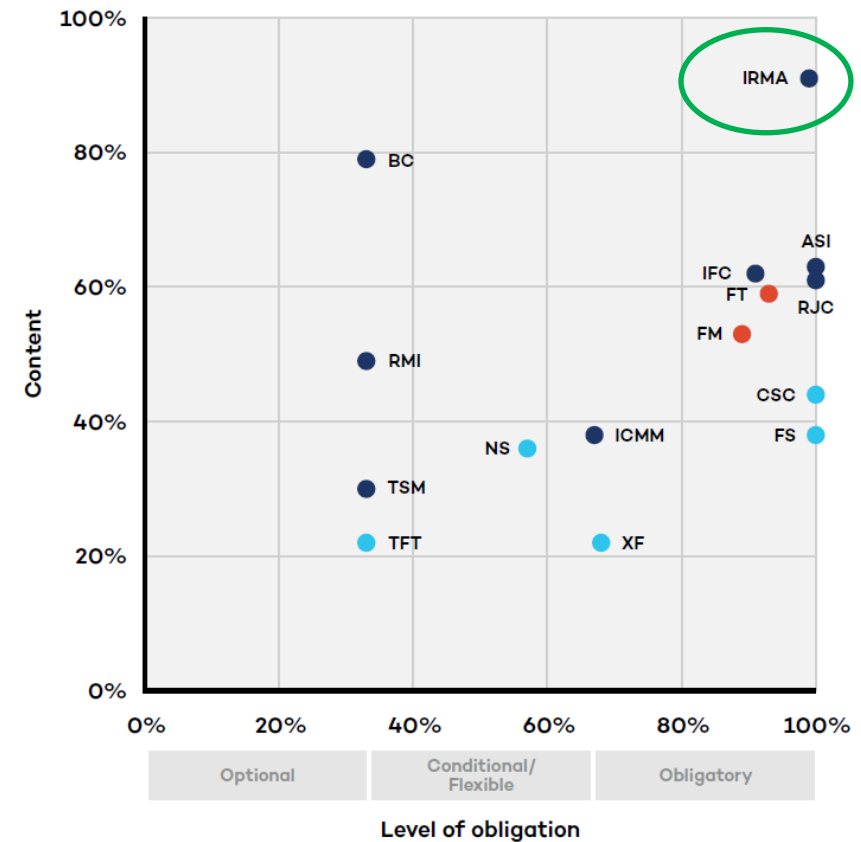


Links:

<https://www.iisd.org/sites/default/files/publications/igf-ssi-review-extractive-economy.pdf>

https://www.bgr.bund.de/DE/Gemeinsames/Produkte/Downloads/Commodity_Top_News/Rohstoffwirtschaft/59_sustainability_standards.pdf

Figure 3.3. Distribution of content and level of obligation scores



IRMA'S UNIQUE SELLING POINTS ARE IN LINE WITH BMW'S REQUIREMENTS FOR SUSTAINABILITY INITIATIVES.

What Sets IRMA Apart?

Applicability

- all mined materials
- global application
- data at the mine-level / asset-level

Equity

- first shared definition of responsible mining
- equitable governance
- robust stakeholder engagement

Credibility

- independent third-party verification
- transparency in reporting
- civil society recognition

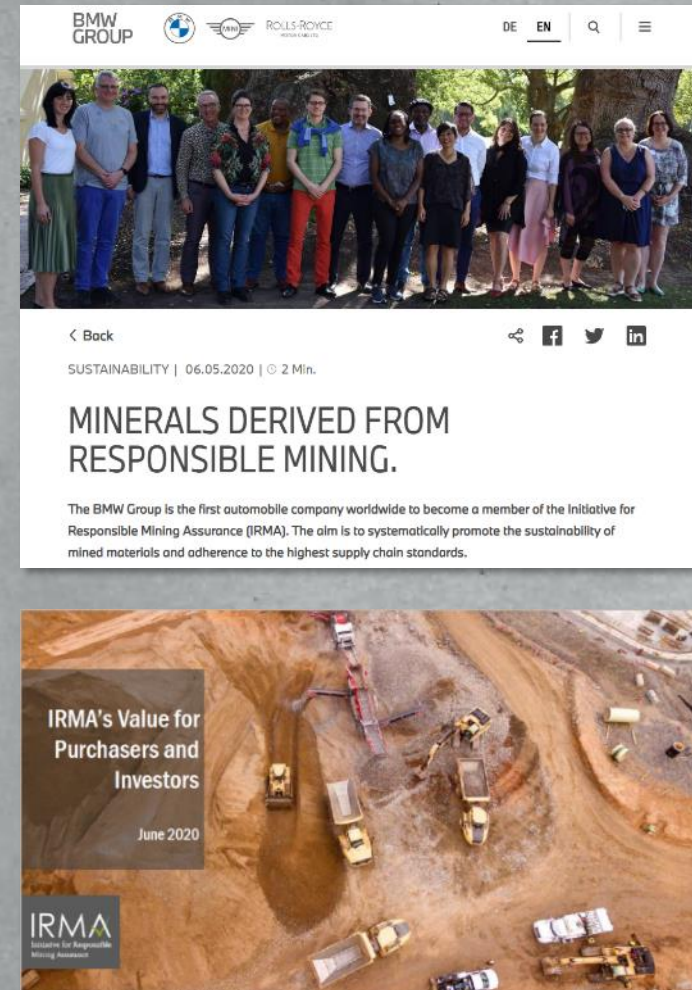
What were key arguments for the BMW Group to join IRMA?

- Global applicability to all mined materials
- Multi-stakeholder engagement
- Independent third-party assessment at site level
- Participation of local communities in the audit
- 50+ civil society organisations request for IRMA
- Transparency: Publication of audit results
- IRMA works with other standards on mutual recognition (e.g. TSM, RJC, Responsible Steel)

ENGAGEMENT OPTIONS WITH THE INITIATIVE FOR RESPONSIBLE MINING ASSURANCE.

BMW Group activities:

- **Contracts:** Inclusion of our request for IRMA certification in supplier contracts and BMW Group Supplier Sustainability Policy
- **Outreach:** Formal letter to invite raw material producers we identified in our supply chains to undergo IRMA certification
- **Commitment:** Publicly communicate our request for IRMA certified material in communications (press releases, sustainability reports), bilateral contacts and events



THANK YOU FOR YOUR ATTENTION!

