re-sourcing

A Common Approach to Defining Responsible Sourcing

A Concept Note

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ACRONYMS

ADB	Asian Development Bank
ASM	Artisanal & Small-scale Mining
BGR	Bundesanstalt für Geowissenschaften und Rohstoffe
CSO	Civil Society Organisations
FPIC	Free Prior Informed Consent
GHG	Green-House Gas
IGF	Intergovernmental Forum on Mining, Minerals, Metals & Sustainable Development
IIED	International Institute for Environment and Development
ILO	International Labour Organisation
OECD	Organisation for Economic Co-operation and Development
RBA	Rights-Based Approach
RS	Responsible Sourcing
SLO	Social Licence to Operate
UN	United Nations
UNEP	United Nations Environmental Programme

1. Introduction

In 1980, the International Union for Conservation of Nature published the "World Conservation Strategy" (IUCN,1980), introducing the term 'sustainable development' for the first time in international policy discourse. The 1987 'Our Common Future', also known as the Brundtland Report, popularised the term sustainable development by addressing social, economic, cultural and environmental solutions together and at the global level (ADB, 2012).

Internationally, the sustainability discourse linking human actions with its impact on environment has been on-going since the 1940s. A major change in this policy discourse occurred in 1992 at the Earth Summit[1], where the focus shifted from a 'needs' to a 'rights-based' approach (Redclift, 2005).

The rights-based approach has filtered into the discussions around the minerals and metals sector. The early focus was on the extractive phase of the mineral supply chain – recognising and attempting to address the economic and political power inequalities between stakeholders. Considerations for defining the role of mining companies and governments and measuring the performance and responsibilities of the actors in mineral supply chains began to be articulated (IIED, 2002). There was variance in this discourse and consensus on what was to be included and prioritised under sustainable practices was not always aligned (IGF, 2018).

By 2022, a number of industry, civil-society and investor led standards for mining companies have emerged (BGR, 2022). The considerations for sustainable practices have expanded in scope, with standards and guidelines covering the behaviour of mid-stream and downstream actors in addition to upstream actors.[2] In Europe and other countries the voluntary measures have begun to be incorporated in legislation and regulations (Franken & Schutte, 2022).

The emergence of a plethora of Responsible Sourcing (RS) performance and requirements has in some ways created new challenges. With differing criteria, applicability and approaches, the standards leave companies and stakeholders struggling to identify what is required of them (PwC, 2017).

This concept note, reflecting the research and engagement over the RE-SOURCING Project (2021-2023), brings together the salient features of RS approaches, and discourse, to provide stakeholders a unified understanding what RS practices entail within mineral supply chains. Its purpose is to provide a common threshold of issues to be addressed by organisations and policymakers when outlining their RS standards, guidelines practices and regulations.

The note takes a rights-based approach as a framework for summarising the plethora of sustainable approaches.[3] The first section describes the principles behind a rights-based framework for mineral supply chains. The next section provides the summary of rights to be considered, while the final section then summarises the major trends in moving towards a definition of RS reflective of a global understanding.

1.1 Responsible Sourcing & a Rights-Based Approach

A Rights-Based Approach (RBA) is one that considers 'All human beings are born free and equal in dignity and rights, and should be free to live their chosen life, thrive socially and economically, and participate in public affairs'.[4] The United Nations Sustainable Development Goals reflect the realisation of these rights.

[1] The UN Conference on Environment & Development Rio de Janeiro (3-14 June, 1992)
[2] For actors within mineral supply chains, please see Annex 1.
[3] For details on the methodology, please see RE-SOURCING Common Approach (2020)
[4] European Commission, The Human Rights Based Approach, accessed 2 July, 2023.

Rights-based approach principles

The RBA is built on the following principles:

1) Meaningful & inclusive participation and access to decision-making
2) Non-discrimination and equality
3) Accountability and the rule of law for all
4) Transparency and access to information, supported by disaggregated data.

Within the RE-SOURCING Project, research and engagement has indicated these principles underline corporate and government policies on RS and are reflected in the various guidelines, standards and regulations that are applied across the supply chains.[5] These are summarised in Section Two.

Rights-based approach stakeholders

An RBA requires two elements: 1) the capacity of the duty-bearers for meeting their obligations and 2) the capacity of right-holders to claim their rights.

The **duty-bearers** for meeting rights obligations include extraction companies, smelters and refineries, manufacturers, and recyclers. A secondary set of duty-bearers include financial investors[6] and governments. The RE-SOURCING Project has identified these as the two most influential entities that determine the RS practices of actors in the mineral supply chain. Their obligations include protecting, respecting and redressing violations of the rights of those impacted by their actions.

The **rights-holders**, within the mineral supply chains, are those that are impacted by the actions of the duty-bearers. These right-holders include impacted local communities and citizens, and those directly and through sub-contracts employed in mineral supply chains. We also include consumers within the rights-holder groups, as their consumption behaviour is impacted by the business and policy approaches undertaken by the duty-bearers.

Civil Society Organisations (CSOs) and international development organisations (such as the OECD, World Bank, GIZ) are noted as capacity builders for both the rights-holders and duty-bearers.[7] This includes their crucial contributions and role in research, monitoring, communicating & advocating, evaluating, reporting, certifying, and ensuring remedies are addressed by the duty-bearers.

A rights-based approach clarifies the duties and responsibilities of the actors within the mineral supply chain, whilst acknowledging the power imbalances that contextualise the engagement between the actors and vulnerable groups.

Why choose a rights-based approach?

In reviewing the standards and performance expectations for operators in the mineral supply chains, two aspects are worth noting. The first is the *issue of power dynamics* between the strongest and weakest actors in the chain. This power largely stems from economic disparities between companies and investors and those impacted by their activities as well as power imbalances within local stakeholder groups. It also stems from geo-political disparities, largely resulting from the fact that mineral supply chains tend to start in developing countries and end in advanced economies.[8] The second issue is around defining *whose needs*. Given the global nature of mineral supply chains, the question of whose needs are reflected in RS practices is an essential one. Standards & performance

[5] See Briefing Documents from the RE-SOURCING Project on Identifying Challenges & Required Actions for Responsible Sourcing in the Renewable Energy (2021) and e-Mobility Sector (2022) Sectors.

[6] See The Role of Financial Markets in Driving Responsible Sourcing (2021). Briefing Document No 2. RE-SOURCING Project

[7] See Essentials of Successful Alliances to Support Responsible Sourcing (2021). Briefing Document No.6. RE-SOURCING Project.

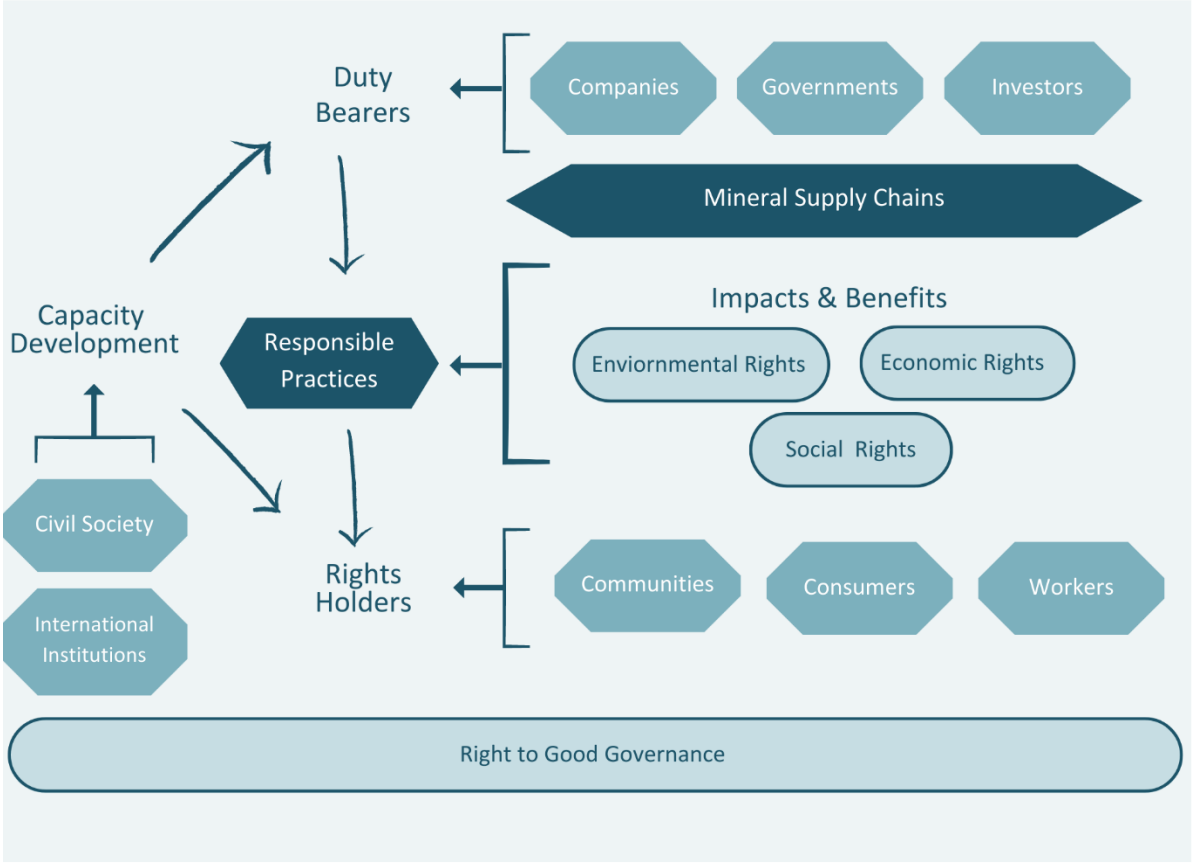
[8] The RE-SOURCING Common Approach (2020). RE-SOURCING Project.

metrics reflect the understanding and priorities of those who set them, even if these emerge from a multi-stakeholder process. The ability to enforce compliance with these principles is similarly linked to the capacities and jurisdiction of the standard setters. While there is general agreement for working towards a sustainable future, the pathways to this future are differently perceived across global stakeholder groups.

Using a rights-based approach allows us to move from content-focused RS standards and addresses the power dynamics within the mineral supply chains. It highlights the duties of those who hold power to deliver the rights of those who do not. Given different states of empowerment and access to legal processes amongst rights-holders in different countries, the power dynamics between duty-bearers and rights-holders differ across the world. Therefore, the rights to be addressed by RS practices should reflect the priorities and (empowerment) circumstances of the rights-holders. It remains for the duty-bearers and rights-holders to agree on pathways to delivering these rights.

Figure 1 provides an overview of the RBA for mineral supply chains, indicating the interaction between duty-bearers and rights-holders and the use of RS practices to manage the impacts and benefits from mineral supply chains.

Figure 1: Rights-based Approach to Responsible Sourcing in Mineral Supply Chains



How to use this concept note

This concept note attempts to summarise the commonalities and differences in the principles behind RS in mineral supply chains and the responsibilities of duty-bearers and rights-holders. Companies, whether in the extractive sector, mid-stream, lead manufacturing firms or investors should consider the rights documented in this document and check if they have policies, strategies and processes in place to deliver them. Governments and policy makers should similarly look at these rights and consider whether their legislative and regulatory environments provide clarity and support in

delivering these rights. Investors should consider whether their terms of financing for mineral supply chain projects address these issues. Communities and consumers should use this document to understand what rights they are entitled to and consider their own priorities when engaging and negotiating with duty-bearers.

CSOs and international development institutions should consider these rights and note how best to develop the capacity of duty-bearers and rights-holder to deliver these rights. This includes their monitoring and evaluation of RS practices of the duty-bearers.

Finally, this concept note is a summary document, and only considers current issues, presented under an RBA framework. In the future, technology, geo-political changes, and legislation may lead to a new set of issues being identified for achieving RS in mineral supply chains. The approach to these new issues will remain the same – the responsibility of the duty-bearer to ensure rights are delivered and mechanisms for the rights-holders to ensure they are able to exercise their rights.

2. Rights-Based Principles for Responsible Sourcing

Parallel to the changes in the global discussions on sustainability in the 1980s and onwards, the international mining industry was under pressure to improve its environmental, social and governance performance, failing to have convinced rights-holders that individual companies and the industry as a collective were behaving in a manner benefitting host countries (IIED, 2000). As a result, a number of voluntary and regulatory measures emerged addressing all aspects of a mineral supply chain – from exploration and extraction activities to smelting and refining, manufacturing, recycling and disposal.[9]

Over its course, the RE-SOURCING Project research has identified a plethora of RS related rights that are addressed by the standards in mineral supply chains. This section describes the most commonly included rights addressing RS in mineral supply chains.

The rights are categorised under environment, social, economic and governance rights, for ease of drafting only. The project team acknowledges that they are inter-linked and impact each other. The order in which these rights are presented do not suggest a hierarchy; their priority is set by the rights-holder and is dependent on their own economic and political context.

2.1 Environment Rights in Mineral Supply Chains

United Nations Environmental Programme (UNEP) defines environmental rights as '… any proclamation of a human right to environmental conditions of a specified quality'.[10] In the context of mineral supply chains, environmental rights relate to those communities and citizens in countries where minerals are extracted; the impact on climate change related to emissions resulting from their transport; refining and manufacturing activities and the environmental impact of recycling activities as well as disposal (end of life of product or waste). The main environmental rights, applicable across the mineral supply chain, noted over the duration of the RE-SOURCING Project, are summarised in

[9] State of play: The International Responsible Sourcing Agenda (2020). The RE-SOURCING Project.

[10] UNEP website, accessed 3 July 2023

Table 1.

These rights are not meant to be a comprehensive list of rights but provide a summary of the main categories. Additional sources for more detailed discussion of these rights can be found in Existing Approaches.

Table 1 Environmental Rights in Mineral Supply Chains

Environmental Rights *	Brief description
Biodiversity protection	Activities across the mineral supply chain can often impact the biodiversity of a region of operations: From the direct impacts of chemicals and physical waste; chemical waste discharge and impacts from mining associated infrastructure and human habitation. These are often cumulative impacts. Biodiversity protection therefore implies the protection of the ecosystems that support flora & fauna and impact human culture, livelihoods and quality of life.
Habitat protection	Terrestrial & aquatic habitats support flora & fauna and are part of the ecosystem linked to biodiversity protection. Habitat protection is specified to address protection of localised (on or near site of operations) environmental rights impacted by mineral supply chains.
Freedom from land pollution	The decline or destruction in the quality of land can occur across the mineral supply chain. While acknowledging that extraction, by itself, is a destructive activity, land pollution here refers to damage caused by spillage, leakage or unsafe storage of hazardous waste, chemical agents, and deforestation. These impacts can result from the actions of any of the nodes of mineral supply chain.
Freedom from air pollution	Air pollution refers to the emissions released at the extraction, processing and refining, recycling and transportation stages. Air pollution is not limited to Greenhouse Gas (GHG) emissions (Scope 1 to 3), but also refers to dust and other particulates that arise from operations & activities.
Freedom from water pollution	Various stages of the mineral supply chain can often cause water pollution, including acid mine drainage, heavy metal contamination, pollution from processing chemicals, erosion and sedimentations, suspended matter. Whether accidental or under 'legally defined limits', water pollution needs to be curtailed as it has cumulative impacts on wider ecosystems and community health.
Managing climate change	Climate change in general refers to the long-term shifts in temperatures and weather patterns across the planet. In the short-term it is generally associated with achieving the Paris Agreement goal of holding the increase in global average temperatures well below 2° Celsius. The mineral supply chains, whilst often contributing to positive impacts on managing climate change (such as renewable energy & mobility) need to lessen their contributions to climate change from their operations across the supply chain.

** for details on the environmental rights, please see Challenges in the Renewable Energy, Mobility & Electrical & Electronics Equipment Sectors. RE-SOURCING Project.*

Responsibility of duty-bearers

In respecting these rights, duty-bearers need to have the capacity and strategy to deliver three key actions. The achievement of these actions is relevant for companies (mining, refining, manufacturers & recycles) as well as host and home governments and equity & debt investors.

Address current negative impacts on the environment: For currently active operations, duty-bearers are required to reduce the negative impacts on environmental rights. This includes impacts resulting from past business activities (remedial work) as well as those resulting from current operations (avoidance & mitigation). For the mineral supply chain actors this requires addressing environmental rehabilitation of impacts from their operations, whether that be extraction (mine-closure) or waste produced during smelting or recycling.

Ensure future negative impacts do not materialise: For operations planned for the near future, or expansion of existing operations, duty-bearers are required to ensure that negative environmental impacts do not materialise. This moves their responsibilities from mitigating impacts, to creating net-zero impacts and ensuring comprehensives environmental impact assessments and due diligence exercises are carried out.

Ensure a 'net-positive' approach to the environment: Where it is not possible to completely mitigate negative impacts, the duty-bearer should achieve a net-zero impact as a minimum and net-positive impact as a preferred standard. This means in addition to avoidance and mitigation; operations move towards creating a net-positive impact on the environmental rights of those impacted by their operations.

Box 1 Specific actions for duty-bearers to strengthen environmental rights*

Over the course of the project, several specific actions were highlighted as important for government and corporate policy to address for the protection of environmental rights in mineral supply chains.

Reduce carbon emissions in production & transport: Refers to carbon emissions that result from business operations (including transportation). These include but are not limited to GHG emissions. Duty-bearers are required to plan and implement actions for the reduction and offset of carbon emissions associated with operations across the mineral supply chain.

Resource use efficiency: Resource efficiency applies to the larger global production and consumption patterns and in general refers to: a) employing strategies to efficiently use finite resources in the most efficient manner; and b) decoupling economic growth from environmental degradation.

Move away from use of non-renewable energy: For all stages in the mineral supply chain, whether extraction, transport or recycling, the objective should be to reduce & eliminate use of energy generated from non-renewable sources such as coal, natural gas, and oil.

** See Roadmaps for the Renewable Energy, Mobility & Electronics Sectors for more actions for stakeholders. RE-SOURCING Project.*

2.2 Social Rights in Mineral Supply Chains

The Council of Europe defines social rights as '… moral, legal or societal rules and an understanding of what is necessary to fulfil people's social needs and to promote social inclusion and social solidarity. Social rights concern how people live and work together and the basic necessities of life.'[11]

Social rights, within mineral supply chains reflect the actions of companies and governments (duty-bearers) and the right-holders impacted by these operations (employees, consumers, local & regional communities). Table 2 provides a list of the main social rights that were considered over the course of the RE-SOURCING Project. Resources for finding more information on the many sub-set of rights under these categories are provided under Existing Approaches.

Table 2 Social Rights in Mineral Supply Chains

[11] Council of Europe: Access to Social Rights for Young People, accessed 3 July 2023

Social Rights*	Brief description
Access to clean water, air & health care	For communities in close vicinity of operations and therefore directly impacted, creating and maintaining access to clean water, air and health care services is the responsibility of the duty-bearers (whether by the company or government).
Gender equality	Promoting and achieving gender balance and ensuring gender representation in employment and decision-making at all levels of operations. In addition, gender equality and the 'gender lens' to be used in determining access to benefits from operations, as well as in safeguarding from risks that have an undue impact on one gender over the other.
Human rights	Human rights cover civil, cultural, economic, political, and social rights[12]. In this table, human rights specifically refer to the rights of employees, communities, human-rights defenders within the supply chain. They emphasise the right of freedom from violence, conflict, harassment, and coercion.
Respecting land rights	Land rights are separated from human rights to emphasise their importance. Land ownership and access rights are not always clearly established by national legislation, including the treatment of Indigenous People. Therefore, the protection of land rights of communities impacted by mineral supply chains (whether it is at the extractive stage or the improper disposal of waste) need to be safeguarded and the principles of FPIC followed.
Labour rights	Labour rights have been separated from human rights to emphasize the importance of protecting workers, whether employed directly or through sub-contractors by an organisation. Labour rights include the right to decent work and respectful relationship by employers.
Occupational health & safety + community health	Separated from labour rights, occupational health and safety refer to providing safe working conditions for workers and for communities that may be impacted by the operations along the mineral supply chain. These are equally relevant for all supply chain nodes – extraction, refining & processing, and recycling.

** for details on these social rights, please see Challenges in the Renewable Energy, Mobility & Electronics Sectors. RE-SOURCING Project.*

Responsibilities of duty-bearers

In respecting these social rights, participants in the RE-SOURCING Project have highlighted direction of actions to be undertaken by duty-bearers[13]. The most common action recommendations included:

Protecting the weakest actors within supply chains from harm: Duty-bearers must have practices and mechanisms in place to compensate for the unequal power dynamics inherent in mineral supply chains. These measures must provide for protection from harm for the weakest actors/vulnerable

[12] Other sub-sets of human rights are specifically addressed over the course of this document.

[13] See Roadmaps for the Renewable Energy, Mobility & Electronics Sectors for more actions for stakeholders. RE-SOURCING Project

groups within in the supply chain. This obliges duty-bearers to have a clear articulation of their responsibilities and enabling processes to protect and respect vulnerable groups (Farooki, 2021a).

Inclusive processes in decision making frameworks: Reflecting the principles of an RBA, duty-bearers are required to have a systematic approach for the inclusion of the views of rights-bearers impacted, in the decision-making process. This means that the process has clearly defined parameters for allowing the negatively impacted right-holders to have influence and be included. The decision-making framework must be able to show how the views of the vulnerable groups was incorporated or considered in the process (Farooki, 2021b).

Balance of power across jurisdictional boundaries: Given that mineral supply chains operate across jurisdictions, meeting national standards and legislation should be considered essential but not sufficient in the implementation of RS practices. The highest standards should be followed across the supply chain, and not the lowest. This acknowledges that social rights in different jurisdictions will differ. The aim would be to ensure that the highest levels of social rights are maintained across the supply chain, regardless of jurisdiction.

Box 2 Specific actions for duty-bearers to strengthen social rights*

Over the course of the project, several specific actions were highlighted as important for government and corporate policy to address for the protection of social rights in mineral supply chains. These included:

Meaningful engagement with communities: To ensure that the 'Social Licence to Operate' is not a form ticking exercise, but creating formal and informal mechanisms to safeguard there is meaningful engagement with local communities and rights-holders. The SLO is maintained over the life of mine and post-closure.

Meaningful knowledge sharing & training: Access to timely and comprehensive information is a valuable tool for all decision-makers – whether they be corporate boards, government agencies, policy makers or local communities. Therefore, information needs to be available in a transparent manner – this applies both to the content provided and the means through which it is accessed. Where required, the recipients of information may need to be provided training to understand it.

Addressing poverty & hunger: The starting point of many mineral supply chains are often in impoverished communities, living on or near sustenance income levels. Addressing poverty and hunger in these communities is essential for the duty-bearers.

Providing respectable employment: Given the cross-jurisdictional nature of nearly all mineral supply chains, it is essential that respectable employment conditions (whether direct or sub-contracted) are provided to those who work within these supply chains, particularly where national legislation on labour rights and fair wage levels is not up to par.

** See Roadmaps for the Renewable Energy, Mobility & Electronics Sectors for more actions for stakeholders. RE-SOURCING Project*

2.3 Economic Rights in Mineral Supply Chains

Economic rights are difficult to define as stand-alone rights, as they are heavily interwoven with realising other human rights such as adequate sustenance, housing, education, health, and employment. Within the RS landscape, we define economic rights as two narratives. First, as stated by Gorga (1999), economic rights are '… rights of [equal] access to resources—such as land, labour, physical, and financial capital—that are essential for the creation, legal appropriation, and market exchange of goods and services.' Second, access itself is not enough to achieved sustainable economic pathways, therefore we add 'equal opportunities to sustainable consumption and production'.

Within the context of the RBA and mineral supply chains, economic rights are described as those impacted by the activities of the duty-bearers (companies, governments & investors) within mineral supply chains. These are described in

Table 3. The rights noted below are a summary of the findings of this project and Existing Approaches provides a list of resources where these are discussed in more detail.

Table 3 Economic Rights in Mineral Supply Chains

Economic Rights *	Description
Sustainable growth	Consumers have the right to benefit from government policies that pursue sustainability. Governments & businesses need to move away from growth driven models that rely on increasing consumption or driving negative climate change as a pathway for growth.
Sustainable products	Consumers have a right to sustainable products. Therefore, government policies and business strategies need to provide products meeting sustainability standards. This includes approaches that encourage product longevity and support a decrease in overall resource consumption.
Fair compensation for mineral/land-use	Mineral supply chains begin and end in very different jurisdictions. While the principle of value addition (and hence compensation) is respected, the actors within the supply chain have the right to fair compensation, whether it be for the extracted ore, the environmental and social costs of extraction, refining, manufacturing, and recycling activities. This includes the payment of royalties and taxation to the host government, as well as recompense for land and water use, and compensation on impact on livelihoods and cultural impacts.
Fair wages	Specifically separating this from fair compensation, fair wages refer to those directly and through sub-contracts employed within the supply chains. Fair wages should not be merely compliance with the national minimum wage set by country regulations, if it is not reflective of a living wage.
National / Local Economic Development	The mineral supply chain should contribute towards the development of the countries/region where these chains begin (extraction) or where they end (recycling or waste disposal). This right encapsulates the ability of those that suffer the highest negative impact of mineral supply chain activities, to receive their fair share of economic benefits. Benefits can include increasing local procurement and employment opportunities, setting up higher value-added nodes of the supply chain (such as refining and manufacturing).
RS supporting and furthering investments	This right refers to host countries benefitting from investment in their mineral sectors, under a RS-based investment criteria, such that they deliver on long-term economic benefits and not lead to the development of enclave mining sectors.

Economic Rights *	Description
Freedom from corruption and money laundering	The right to be protected from corruption and money laundering, where mineral revenues have been used for fuelling conflict and violence, as well as not being used for the betterment of the citizens. Both the home and the host country governments have a major role in delivering this right.
Protection for the ASM sector	The ASM sector faces un-safe working conditions, child-labour, lack of fair pricing by traders and in some cases violence. Excluding ASM from mineral supply chains is not a viable solution as it leads to further deterioration of the rights of artisanal miners. The economic rights of the ASM sector (as well as the environmental and social rights) need to be safeguarded. It is acknowledged the solution to the ASM issue is complicated.

** for details on these economic rights, please see Challenges in the Renewable Energy, Mobility & Electrical & Electronics Equipment Sectors. RE-SOURCING Project.*

Responsibility of duty-bearers

In supporting an environment where right-holders can achieve their economic rights, the participants in the RE-SOURCING Project have highlighted several targets for the duty-bearers[14]. The most common recommendations included:

Transitioning to a green/sustainable economic production model: Avoid the creation of a two or three-tiered global economy, where the more advanced economies pursue a green economic production model while developing countries are unable to transition successfully. Providing the resources and capacity development for all countries to pursue a green growth economic model is essential.

Capital flows support RS goals and ambitions: While public capital, thorough subsidies and tax incentives has been used to encourage the green transition, the use of private capital to assist in furthering the uptake of sustainable business practices needs to increase. While green financing instruments have increased, the larger global capital and asset markets need to move faster to support sustainable business practices.

Ensuring just economic distribution within mineral supply chains: Given the cross-jurisdictional nature of mineral supply chains, it is important to ensure that 'costs' should not be a mere reflection of wages and capital expenditure. Externalities should be reflected in the costs in countries that bear the (environmental, social & economic) cost of extraction and waste disposal. These stakeholders need to be fairly compensated by those who benefit. 'Pay to pollute' and lowest costs (as they ignore rights) business strategies should not be tolerated.

Box 3: Specific actions for duty-bearers to strengthen economic rights *

Over the course of the project, several specific actions were highlighted as important for government and corporate policy to address:

Accept responsibility & share in mitigating burdens on others: Actors in lead firms and governments need to accept the impact of their actions on actors in the supply chain and not just focus on the impact on their firm operations and their national economies. The environmental and social impacts have an economic cost for those who shoulder these burdens – business and policy models must move towards sharing the burdens of those ill-equipped to manage them.

[14] See Roadmaps for the Renewable Energy, Mobility & Electronics Sectors for more actions for stakeholders. RE-SOURCING Project

Profitable but sustainable: Business models need to move from a purely profit focused model to one that includes RS as a core principle. The 'race to the bottom' or other similar approaches which prioritise profits over all other considerations need to be abandoned. This does not suggest that firms should step away from profit driven businesses. Research suggests that businesses inclusive of RS principles perform as well as, or better, than other businesses.

** See Roadmaps for the Renewable Energy, Mobility & Electronics Sectors for more actions for stakeholders. RE-SOURCING Project*

2.4 Right to Good Governance Across Mineral Supply Chains

Governance refers to the responsible conduct of affairs (by duty-bearers) and effective management of the resources available to them. The right to good governance across mineral supply chains implies that the duty-bearers operate in a manner that protects and respects environmental, social and economic rights. This would require processes to implement RS practices, through legislation, government guidance, auditing, performance indicators and CSO led monitoring & evaluation and certification.

National and international CSOs and international development institutions need to support and develop the capacity and ability of the duty-bearers to deliver these rights.

The RBA and mineral supply chains argues for the right to good governance to be delivered through several avenues noted in Table 4. These tools and approaches reflect the major principles noted across the engagement for the RE-SOURCING Project, with more examples of tools and resources provided in Existing Approaches.

Table 4 Delivering the right to Good Governance

Delivering the right to good governance*	Description
Audited standards compliance	Compliance with any industry standard should include an audit/certification by a third-party to indicate observance. The standard itself may be subject to an audit to understand how well it meets the requirements of RS.
Government watchdog instituted	Given the cross-jurisdictional nature of mineral supply chains, governments should be able to monitor and reprimand companies that are headquartered in their jurisdictions, for actions committed in other jurisdictions. Where the host government capacity to investigate and implement its own regulations is weak, home country governments should be able to address legitimate concerns raised against the behaviour of their firms.
Transparency and data sharing	Sharing and making information available is a key requirement. Therefore, barring commercially sensitive information, actors need to be transparent in their operational impacts. This includes information on RS policies and strategies, processes, impact assessments, and remedial actions.

** for details on the right to good governance, please see Challenges in the Renewable Energy, Mobility & Electrical & Electronics Equipment Sectors. RE-SOURCING Project.*

Responsibilities of duty-bearers

Delivering good governance across the supply chain is a sub-set of the larger governance agenda for governments. This holds true for home and host countries and for the Global North and the Global South. Over the course of the RE-SOURCING Project, participants agreed on several actions that should be undertaken by duty-bearers[15]:

Agreed rules for companies and governments: The rules and expectations of how businesses and governments behave need to be clearly outlined and globally agreed. These behaviour parameters should provide a clear code-of-conduct for actors. For example, current guidelines state that companies must respect human rights, usually evidenced by a corporate policy document. The focus should shift towards governments articulating human rights-based targets for actors in their jurisdictions. These should be similar to, and aligned with, the targets set in other countries. The pathways to these targets may differ based on the specific country context but should reflect international guidance on RS practices offered by international development institutions and CSOs.

Transparency at core of activities: Transparency around how operations are carried out in practice, need to be clearly communicated to both internal and external stakeholders of operations. This can include assessments, factors informing engineering and marketing strategies, and the RS criteria for procurement and investment decisions. Where companies have issued RS positions and corporate policy, a trust building exercise to illustrate how exactly these commitments are incorporated in corporate behaviour are required.

Multiple stakeholder responsibility: The RBA for mineral supply chains assigns responsibilities to all duty-bearers and does not leave the implementation of these practices to businesses only. Governments and investors need to ensure that their activities support the protection and advancement of these rights. Many governments are signatories to global conventions that impact responsible sourcing, from the Paris Agreement to the ILO Labour conventions. Codifying principles, as they specifically apply to RS in mineral supply chains, can provide an aligned approach by multiple governments.

Box 4: Specific actions for duty-bearers to improve good governance *

Over the course of the project, several specific actions were highlighted as important for improving good governance across mineral supply chains:

Investor responsibilities: In the same manner that investors and financiers assess the economic feasibility of a project, processes should be instituted to establish the RS feasibility of an investment. These assessments need to become a part of the mainstream asset management & processing and not limited to the 'green finance' sectors only.

Pro-active government role in RS: The host and home governments for companies in mineral supply chains need to be proactively involved in the setting, monitoring, evaluating and remedy of RS practices of operators within their jurisdictions.

Stock exchange reporting requirements: Apart from governments, for publicly listed companies, stock exchanges play a crucial regulatory role, particularly in providing a level playing field for all actors. Therefore, the protection of environmental, social, and economic rights should be reflected under the regulatory and reporting requirements of stock exchanges.

** See Roadmaps for the Renewable Energy, Mobility & Electronics Sectors for more actions for stakeholders. RE-SOURCING Project*

[15] See Roadmaps for the Renewable Energy, Mobility & Electronics Sectors for more actions for stakeholders. RE-SOURCING Project

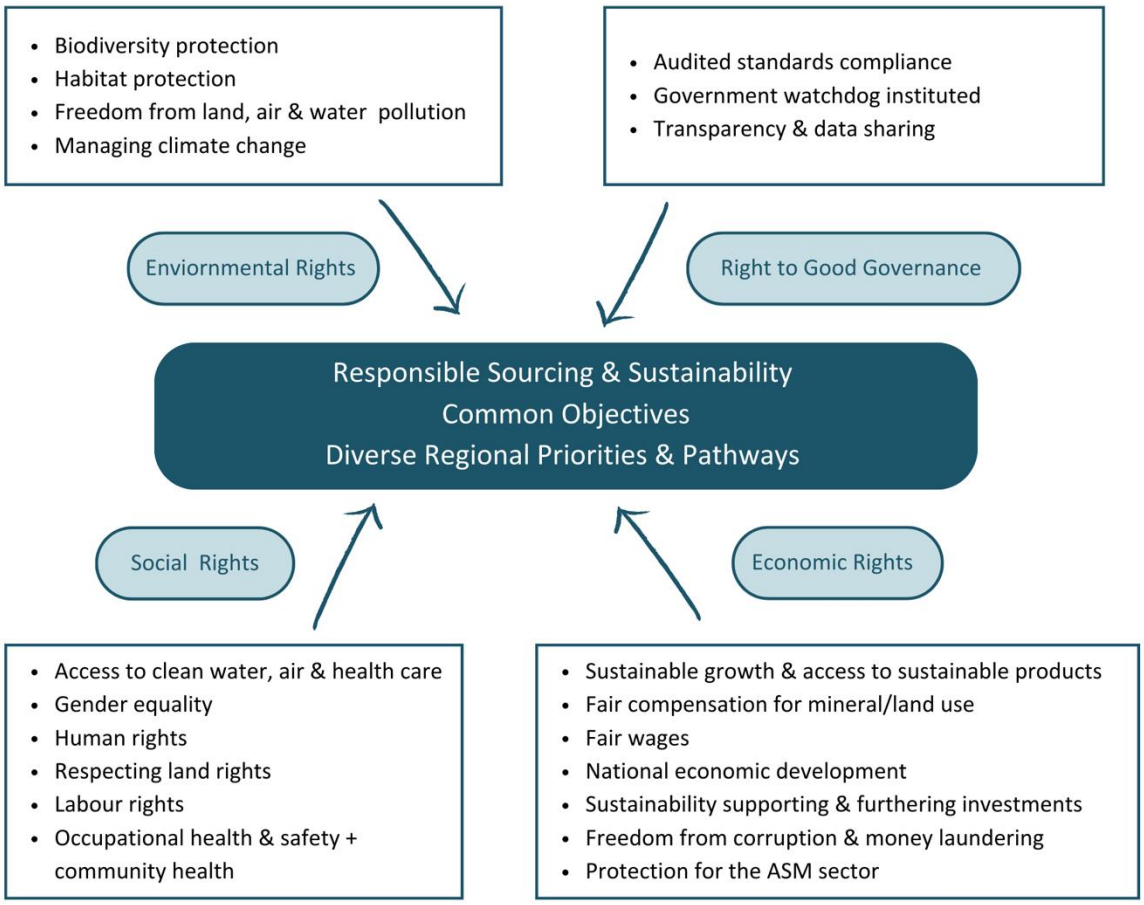
3. Moving towards a Globally Agreed Definition of Responsible Sourcing

Based on the findings of the RE-SOURCING Project we offer the following definition for Responsible Sourcing in Mineral Supply Chains:

> Responsible Sourcing in Mineral Supply Chains is a process where duty-bearers ensure policies, processes and compliance mechanisms exist to deliver the environmental, social, and economic rights, as prioritised by stakeholders who are impacted by the activities within a mineral supply chain.

The definition encapsulates two factors: First, it assigns responsibility for the delivery of responsible practices to actors that include commitment and compliance (good governance) elements. Second, it supports the inter-dependence between environmental, social and economic rights by indicating compliance is required with all three rights, caveated by the requirement that these should reflect the priorities of the rights-holders and not the duty-bearers.

Figure 2: Agreed Objectives for Responsible Sourcing in Mineral Supply Chains



This definition aligns with several principles required for developing an agreed objective for RS in mineral supply chains:

1. Minerals are a resource for current and future generations.

2. The benefits from mineral supply chains must benefit all and not the few.
3. RS is not about mitigating negative impacts but creating net positive impacts.
4. RS practices within mineral supply chains need to be resilient and be able to weather global geo-political and economic changes.
5. The rules that govern global mineral supply chains need to be clear, reasonable, and practicable.
6. RS needs to acknowledge that sustainability priorities and pathways can differ across regions, but the end objectives are aligned.
7. RS needs to acknowledge that continuous dialogue will ensure that the definition remains relevant as global mineral supply chains evolve.

In collating the RS discourse in mineral supply chains, the RE-SOURCING Project team noted common grounds[16] on the actions that need to be taken. However, there were also differences in pathways to achieve RS practices.[17] These are summarised below.

3.1 Identifying the Common Ground

Global stakeholders are working towards common responsible sourcing objectives, whilst taking different pathways reflecting their own contextualised power and access inequities.

Changing operating practices: Whether at the mineral extraction stage, manufacturing or recycling, RS standards require companies to adapt and change their operational practices, to better align with sustainability targets. In general, a large part of these changes can be understood as internalising externalities, i.e. the impact of operations outside the mine-site/factory-gate are to be included in the decision-making processes of the company.

Changing reporting practices: Companies are required to report on their performance on RS indicators. While the format of this reporting may vary, the preferred form is using third-party assurance mechanisms (audits, certification, labelling) that is transparent and accessible.

Changing firm accountability for suppliers: With a change in operating and reporting practices, the scope of accountability for a company has shifted to include its contractors and sub-contractors. For large companies, this indicates accountability for its own actions and of those of its suppliers. For medium and small firms, the changes require them to incorporate RS measures as laid out by the lead firms in their supply chain.

Changing legal and regulatory compliance: RS standards are increasingly moving from a voluntary to a mandatory requirement. Companies are being held accountable (both in the public sphere and in courts) on their actions and impacts on RS. Compliance is being better defined and enforced. This needs to continue.

Changing investor responsibility: With recognition that companies do not operate in a void, attention has turned to the responsibilities of the financial and investment markets. Whether self-promoted by financial institutions or resulting from consumer demand, the financial markets are increasingly considering the RS performance and credentials of the firms they invest in. This needs to be standardised across global financial markets.

Changing consumer behaviour: As the end consumers, the general public is now more aware of the impact of their consumption habits. There are a number of directions being set for changing consumer behaviour, from recycling products at end of life, to increased preference for sustainably produced

[16] See Roadmap Reports for the Renewable Energy (2021), e-Mobility (2022) and Electronics (2023) Sectors. RE-SOURCING Project.

[17] See Global Advocacy Forum website for regional perspectives and priorities.

products, and decrease in overall consumption of products. Business and policy models should support the uptake of these consumer behaviours.

Changing government responsibilities: Governments are setting targets and roadmaps for overall economic growth that takes RS as a central measure, whether through green growth targets or transitioning away from fossil fuels to renewable energy. Investment, trade, fiscal and procurement policies are required to reflect these RS practices.

Changing legitimacy of monitoring and advocacy: With RS taking on a rights-based approach the role of monitoring and advocacy, usually undertaken by CSOs, has taken on a legitimacy that was not seen decades ago. Any authentic RS dialogue now must have three parties present: industry, government, and CSOs.

3.2Recognising Different Pathways to Responsible Sourcing

The summary of changes listed above suggest that there is movement towards an agreed approach to RS. However, there are sufficiently meaningful differences in the pathways to reach these goals:

> Responsible Sourcing encompasses several diverging issues, reflective of the difference in context and priorities. The divergence in pathways is reasonable, differences in priorities is reasonable, but the end objectives should be the same.

Reflect lead stakeholder priorities: Most of the widely recognised and used RS standards have evolved from multi-stakeholder engagements, led by multiple groups (such as CSOs, industry alliances, government agencies etc.). Therefore, the standards reflect the approach of the stakeholders involved within that engagement process. For example, where standards have evolved with heavy involvement of environmental groups, the standards focus on the protection of biodiversity and consider human rights from an environmental angle. For those focused on labour rights, human and political rights tend to have a larger emphasis within the standard. Where the standards are being drafted by government stakeholders, they focus on governance issues. Therefore, different standards reflect different priorities, even though they share similar sustainability objectives.

Reflect regional priorities: The evolution of RS standards has also been 'Northern' centric, with many standards evolving from groups based in OECD countries. This is not to suggest that developing countries have not been invited to the consultation table, but that often the priorities set in these standards reflect Northern geo-politics and socio-economic cultures. For example, where standards are informed by largely European actors, these standards will include a focus on the use of green/renewable energy, while Asian standards will see a stronger weight on reducing current environmental pollution[18]. Differences in regional priorities should be accepted, with each region supported in pursuing its own RS agenda. Without this acknowledgment, the buy-in from the Global South for what are seen as Global North standards will be reduced.

Differences in intended impacts: The intended impact of existing standards and regulations differs immensely. Some guidelines are general and refer to respecting human rights across the entire supply chain. Others can be very specific, such as those focused on community engagement protocols and requirements for meeting a social licence to operate. Differences in intended impacts are a result of the challenges and priorities being faced by upstream actors and the RS approaches of downstream actors. This creates a hodgepodge of objectives and approaches. At some point, intended impacts will need to be aligned and reflect similar objectives for all actors.

Variance in coverage and depth: The subject matter of these standards varies in coverage and depth. By coverage, we refer to the aspects of environment, economics, social and governance indicators they cover. By depth, we refer to applicability to primary actors, tier-1, tier-2 and so on. As each set

[18] See Global Advocacy Forum website for regional perspectives and priorities.

of standards has a primary audience for its implementation, depending on the choice of the former, the coverage and depth of the standard varies. While this was essential when RS standards were beginning to evolve, there is now the need to systematise this coverage.

Accommodate frontier and follower actors: With the uptake of RS practices by different actors, at a different pace, some companies and countries are more advanced than others. Existing and future RS approaches will need to be flexible to ensure late starters are able to catch-up with frontier actors. Therefore, the rigour of applicable standards can be moderated to cover the diverse progress levels of actors.

3.3Where do we go from here?

The RE-SOURCING Project's objective was to consult, engage and conduct research for common narratives and practices across the plethora of RS practices in mineral supply chains. Based on this research, this concept note provides a summary of the major research findings, under a framework that allows for aligning approaches and practices. It provides a starting point for companies, investors, governments, communities, and civil society actors to examine their existing policies, processes and performance metrics to judge their performance on achieving responsible practices. The results of their assessment should indicate their strengths and weaknesses and areas where further capacity, policy and practices need to be developed.

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Annex 1: Methodology behind the Concept Note

Several publications under the RE-SOURCING Project[19] provide an analysis of RS (Responsible Sourcing) standards and schemes, as well as a more focused assessment of the Renewable Energy, the Mobility and Electrical & Electronic Equipment sector. The culmination of each sector study is a roadmap for achieving RS across the respective supply chains by 2050. This concept note is based on the findings of the RE-SOURCING Project, distilling the main RS drivers, goals and measures as set out in the sectoral roadmaps.

In addition to the topics that fall under RS, the concept note considers the expected outcome and impact of RS practices. While the concept note does not dwell on key performance indicators or benchmarks, it does consider outcomes in terms of mitigation, net-zero and net-positive impacts. This allows for the note to be relevant for all operations, without being drawn into key performance indicators, which will vary by the context of each operation.

Finally, the concept note takes into consideration that different actors move at different speeds on implementation of RS practices. And advances under one topic (such as environment) may be different from advances on other topics (such as social rights). Therefore 'measurement' is not addressed as a pass or fail exercise but takes a progress tracking approach. Thus a 'globally agreed RS definition' should be seen as means to improve performance and a diagnostic tool, rather than a good actor/bad actor categorisation.

The RE-SOURCING Project has largely focused on European perspectives of RS, with efforts to include non-European stakeholders in our project conferences, webinars and workshops. To take on-board regional perspectives (Latin America, Africa and Asia), consultations were held in Chile (GAF Latin America), Cape Town (GAF Africa) and Beijing (GAF Asia). The project team acknowledges that given the time limitations, the engagement within these regions was not comprehensive. However, the engagement allowed for the team to understand regional perspectives on RS, which have been incorporated into this document.

The scope & objectives of the RE-SOURCING Project can be found in the RE-SOURCING Common Approach (2020) document.

[19] Please see the Project Outputs website

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