re-sourcing

Good Practice Guidance for Responsible Sourcing

Cross-sectoral guidelines for public & private sector stakeholders

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Executive Summary

Keywords: Responsible Sourcing, sustainability, governance of supply chains, recycling products, national mining policy, resource-efficient business models

The RE-SOURCING project, over the past three years, has focused on advancing the understanding of Responsible Sourcing (RS) in mineral value chains for stakeholders. Through a series of workshops it has identified best practices in each sector, documenting these as Good Practice Guidelines. This synthesis report extracts the major elements and recommendations of the selected good practices shared in the sector guidelines, decontextualizing and condensing them to allow for cross-sectoral good practice learning.

The guidance is aimed at two key stakeholders in mineral value chains: Governments and companies seeking to create and implement RS frameworks and strategies. Other actors, such as investors, Civil Society Organisations (CSOs), think-tanks, industry associations, international development institutions and RS standard setters can also benefit from the guidance provided in this report.

The good practices presented in this document are to provide RS Practitioners insights and guidance on their RS journey. The good practice synthesis in this document provides for two key underlying themes that, if widely implemented, will create a level playing field for the benefit of all actors.

RS practice alignment across mineral supply chains: Implementing and enacting RS practices through policy and regulatory requirements by both the public and private sector, sends a strong signal to companies that all actors must operate within the same set of RS rules and requirements. The implementation of stricter RS legislation & requirements needs to be accompanied by measures supporting suppliers to become compliant with these standards.

Circular economy & decreased resource consumption: Regulations & business models need to take up new approaches focusing on behaviour that supports moving towards a circular economy. Resource consumption patterns also need to change, with consideration for product design and longevity.

The practices documented in this report are complementary and reinforce each other. Therefore, actors need to work towards similar RS objectives. By higher uptake of good practices, the mineral supply chain can ensure that the extensive global sourcing and consumption of raw materials required for the green transition is based on sustainability principles & practices.

1. Introduction

The RE-SOURCING project, over the past three years, has focused on advancing the understanding of Responsible Sourcing (RS) in mineral value chains for stakeholders. Part of promoting this understanding was identifying good practice cases in three key transitional sectors in the European Union (EU): The Renewable Energy Sector, the Mobility Sector and the Electrical & Electronic Equipment Sector.

Based on State of Play Reports describing the challenges in each sector, the project through a series of workshops identified best practices in each sector, documenting these as Good Practice Guidelines and sectoral Roadmaps. This synthesis report extracts the major elements and recommendations of the selected good practices shared in the sector guidelines, decontextualizing and condensing them to allow for cross-sectoral good practice learning.

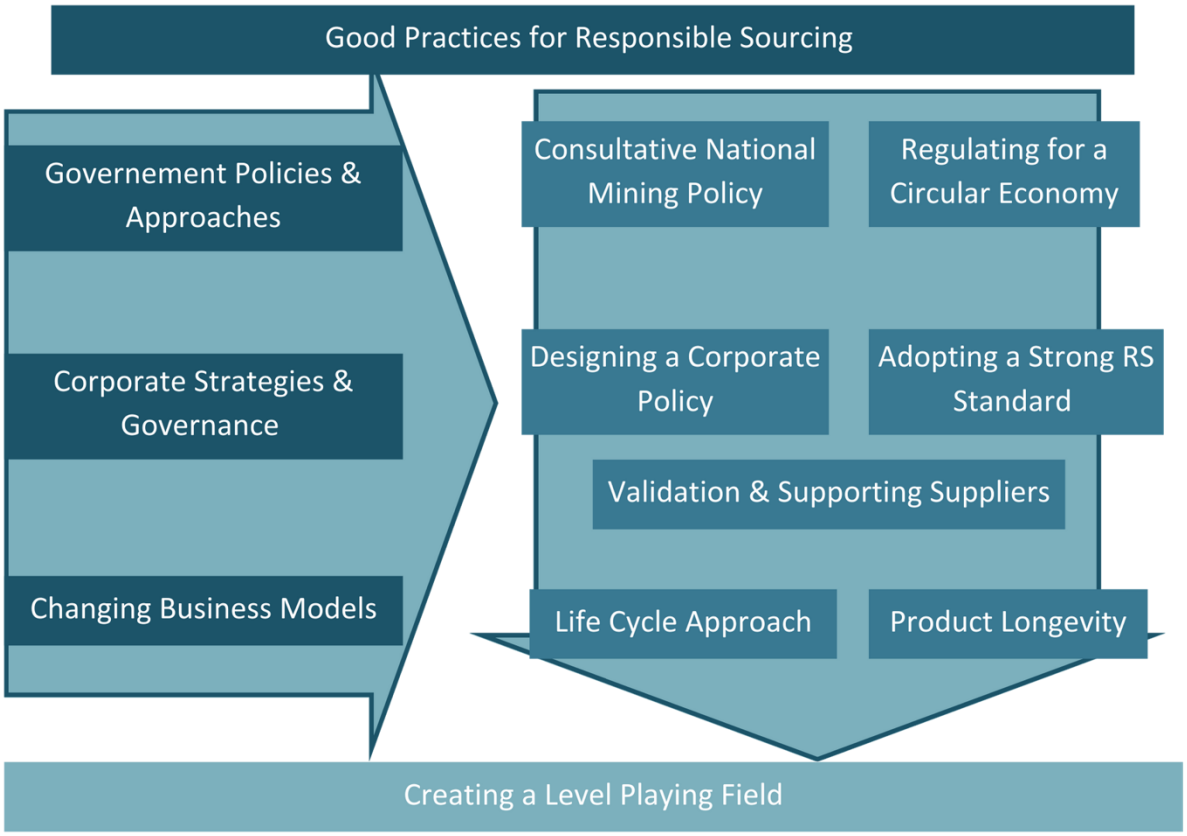
The guidance is aimed at two key stakeholders in mineral value chains: Governments looking at establishing RS frameworks in their legislation and regulations and Companies seeking to shift business practices to be more inclusive of RS principles. Companies include extraction, smelting & refining, manufacturing and recycling businesses. The guidance is appropriate for both large and small & medium enterprises.

Other actors, such as investors, Civil Society Organisations (CSOs), think-tanks, industry associations, international development institutions and RS standard setters can also benefit from the guidance provided in this report, as part of their consultation and advocacy on increasing uptake in RS practices.

This synthesis report should not be seen as a set of complete instructions on the implementation of the individual practices. It should not be considered as a complete set of practices; it only reflects the cases covered under the RE-SOURCING project and is not a synthesis of all practices in mineral supply chains. It aims at providing insights into key success factors as well as how an organisation could benefit from the implementation of a specific practice. For full details, the report provides readers directions to the full case studies.

This good practice framework is illustrated in Figure 1. Government policies, corporate strategies & their governance of mineral supply chains and efforts to change current business models towards more circular underpinnings are three key pathways to improving RS practices across mineral value chains. Within these categories, the RE-SOURCING project has identified some RS practices such as using a consultative approach to develop national mining policies, to considering a life cycle assessment approach to product design and development. For ease of drafting, these practices are presented separately in this report. However, they are all connected and influence each other. For example, some businesses choose to build robust products with high longevity. Where government policies require products to have repairability as a key feature, the good practice is reinforced for greater take-up. Similarly, where a consultation based national mining policy is drafted, it incorporates elements of established RS standards, the same standards that inform a company's sustainability policy. Therefore, together, these elements provide for actors to move towards a level playing field.

Figure 1 From good practices to creating a level playing field



2. Government Policy & Approach

This section considers two sets of good practices for governments in constructing a Responsible Sourcing (RS) framework in a country. The practices focus on two nodes in the mineral supply chain where the largest number of RS challenges[1] exist for governments: 1) The foundations for a mining policy that is inclusive of sustainability issues and stakeholder views and 2) Clarity in regulations for promoting a circular economy.

2.1 Consultative Approach to Drafting a National Mining Policy

Target group: Policy makers and civil servants seeking to establish a responsible mining framework for a country.

A strong mining policy can lay the foundation for drafting coherent national legislation and regulations for the minerals supply chain. It provides a set of RS practices and objectives for all operators in the supply chain. Where these regulations provide clear structures of reporting, monitoring and enforcement, they carry more weight. Ideally, such polices are aligned with international regulations and guidelines. To create a mining policy supported by different stakeholders, an extensive consultation process is warranted. This section will highlight how an effective and successful national consultation for a new mining policy should be designed.

[1] See RE-SOURCING project State of Play reports

A national mining policy drafted through extensive consultations with multiple stakeholders has several benefits for the government:

Benefit for the policy makers: Holding an extensive consultation before drafting a policy contributes to an informed policy and strategy direction by the government. The consultation process allows for 'buy-in' from the stakeholders, contributing towards the transparency of the policy. By inviting stakeholders to contribute, a level of acceptance can be ensured upon the release of the policy.

Collecting diverse input: An extensive consultation helps to identify a wide range of mining related issues and challenges as perceived by the country's citizens and other stakeholders. By actively including the voices of diverse stakeholders, a thorough catalogue of issues can be created. The open nature of the consultation can simultaneously help to collect various solutions/initiatives to address these issues. These can include solutions to localized issues of which a centralised government might not be aware of such as effects on local communities and ecosystems. An early stock-taking of common issues will also allow the policy makers to start a dialogue with extractive companies, on the areas likely to be addressed by the new policy, to provide time for companies to align their internal policies and processes.

Addressing mining's negative reputation: The consultation process should be viewed as a dialogue allowing policy makers to address the negative perception of mining by the citizens and raise awareness of the benefits of mining. Discussing well-designed solutions to often-mentioned problems during the consultation, is an effective way of addressing the stakeholder concerns. Thus, the consultation process can contribute to improving the public's perception of mineral supply chains.

2.1.1 Considerations for Practitioners

To create an effective national level consultation process, the following actions are recommended as good practice:

Clearly define the objective of the consultation process: The consultation process is a means to an end, and the organisers of the process should clearly define the objectives of the consultation. Objectives can range from providing a platform for stakeholders to share their views, gather information and as a means for building consensus and acknowledging differences. It is important to allocate adequate resources to meet the objectives of the consultation. This includes monetary resources for locations and infrastructure (offline and online), salaries for experts, facilitators and workers to collect, read and collate the submitted information. Policy makers must have enough time to consult and draft the new mining policy once the consultative process is over.

Include experts in the consultation: To create a framework for the consultation, it is beneficial to first consult experts from different backgrounds. This initial expert consultation can serve to develop a thorough framework to categorise the issues emerging from the consultation. Such a framework can be organised along the four main pillars of sustainability (environmental, social, governance and economic). Experts from different fields can then cluster the identified issues into overarching topical clusters that can be addressed together.

Ensure consultation formats are fit-for-purpose: A nationwide consultation needs to reach a large variety of stakeholders with diverse backgrounds and preferences. Therefore, the organisers need to ensure that the needs of different groups are considered and offer different consultative formats and locations. This can include organising smaller workshops across the country to ensure that all interested people have the chance to physically attend. In addition, offer an online portal for stakeholders who cannot attend physical meetings.

Ensure balanced representation of different stakeholder groups: The consultations need to actively monitor the participation of different stakeholder groups, to ensure inclusiveness process and that different groups are represented. A continuously updated list of participants can help to identify under-represented groups. For these underrepresented groups, which are often the local communities, the organisers should hold additional workshops or similar targeted consultations.

Appointing a person to coordinate the inclusion of a specific group, such as an ombudsman, can help to ensure that these additional efforts of inclusion are effective. The consultation needs to transparently focus on inclusivity to be legitimised in the eye of the public, CSOs and even businesses.

Additional Resources

Case Study: Consultative process for national mining policy: Juan Carlos Jobet Eluchans, Bi-Minister of Energy & Mining, Chile

Chapter: Consultative Approach to Designing National Mining Policy: Meeting the Milestones in the Responsible Sourcing Roadmap; Good Practice Guidelines for the Renewable Energy Sector.

Report: Renewable Energy Sector: Policy Makers. Roadmap for Responsible Sourcing of Raw Materials until 2050

2.2 Promoting Recycling & Circular Economy

Target group: Policy makers and civil servants seeking to establish a responsible mining framework for a country.

A Circular Economy is a framework aimed at minimising primary resource input (raw materials, energy, etc.) and maximising resource-efficiency based on three principles:

- Eliminate waste & pollution
- Keep products & materials in use for longer
- Regenerate natural systems

It goes beyond recovering resources through recycling and includes the extension of a product's life through repair and refurbishment. Full circularity of resources within an economy is not possible, due to physical and economic constraints and in some cases not desirable due to the high negative environmental impacts of recycling processes (Moss 2019; UNEP 2013).

The good practices covered under the RE-SOURCING project recommend two courses of action for governments seeking to promote recycling and a circular economy within their jurisdictions. The first looks at product specific regulations and the second focus on a sector.

2.2.1 Creating Product Specific Regulations

Policies to set maximum carbon footprint thresholds: Introduce mandatory, maximum life-cycle carbon footprint thresholds for certain products based on a standardized calculation method.

To reflect the carbon footprint of the entire mineral supply chain, where energy use may differ over the course of the supply chain, a maximum carbon footprint target can be set. Policies can require companies to declare their product's carbon footprint and commit to maximum life-cycle carbon footprint thresholds. This can provide the regulatory push for reducing the carbon footprint of the entire chain. According to the EC Product Environmental Footprint (PEF) method, the calculation must be based on the cost of material, energy, and auxiliary materials used in a manufacturing plant to produce a specific product.

Policies setting durability & recycling requirements for products: Introduce longer mandatory product lifetimes and include recycling instructions and specifications in product labelling. For public procurement contracts, include these as a criterion for qualification. This can be done through:

- *Increased Durability*: Increased durability decreases the environmental footprint of a product but is not easy to achieve. To improve performance and durability requirements, regulations can set parameters for minimum performance and durability. This should enable only the selling of higher quality products with longer product lifetimes.
- *Labelling requirements to support recycling*: Regulations ensure that the information required for reuse/recovery and proper recycling is accessible to collectors and recyclers. This can be

approached through clear labelling or through a central platform that tracks the progress of a product through its life cycle.

2.2.2 Creating Sector Wide Regulations

A regulation for a circular economy in a specific sector, such as batteries, consumer electronics or renewable energy technologies, can help to move the whole industry towards a more circular economy, and can serve to level the playing field. Especially if the regulation covers a significant market, like the EU, it will be effective in changing practices within the sector.

Policies for supporting recycling: Set mandatory complementary recycling and recovery targets for critical metals from products as well as recycled content targets for new products that increase over time.

Recycling targets are all interconnected and enable each other. Without adequate recovery of a metal, it is difficult for operators to meet targets set for recycled content in new product. A stable demand for recycled materials, independent of the primary material markets needs to be created. Policies to support complementary recycling and recovery rates should address:

- A collection rate target, that can be gradually increased over time.
- A recovery target for metals, which also encourages efficiencies in recycling. These can range from the general to more material specific targets (such as those for critical raw materials.)
- To ensure that the recycled materials are used and get a reasonable price, recycled content targets need to be set for the relevant materials.

2.2.3 Considerations for Practitioners

Set clear parameters in consultation with industry actors: As these policies have implications for industry actors and their operations, discussions should be undertaken before the finalisation of the regulations. However, policy makers should remain aware that such discussions can suffer from pressures to change or weaken criteria. Regulations will also require clear definitions and parameters that should be agreed with the industry actors. Naturally, no policy can be designed that would appease all stakeholders on all issues, so a balanced compromise must be found.

Using regulations rather than legislation: In most countries a change in regulations does not require parliamentary approval, the latter can be a long process. For quick implementation, policy makers can consider providing the covering language in national legislation, with the parameters and specifications set under regulations. The regulations can be updated and changed as required in a more flexible manner.

Ensure legal expertise in drafting regulations: A significant amount of analysis needs to be undertaken to design a comprehensive regulatory framework. Therefore, governments should allocate adequate resources for technical and legal experts to be involved in this drafting.

Regulations should clarify technical specifications: Industry operators will benefit from clearly defined technical standards for compliance. These technical standards should provide targets to be achieved, even if these targets are provided as a spectrum to provide flexibility for different sized operations.

Include measurement of performance as part of standards: In addition to technical specifications on performance, clarity should also be provided on how performance will be measured. Providing a common baseline for all actors can allow governments to establish sector and national baselines.

Deploy and improve traceability systems: A reporting platform, to allow traceability of products for recycling and sustainability indicators allows for tracking of a product as it moves across the mineral supply chain. The initial version of this platform can be a simple set of indicators, improved and expanded over time with experience. A single platform can address the issue of overlapping traceability systems emerging, which can be a cost burden for industry actors.

Considerations of horizontal linkages to other sectors: In setting recycling and recovery targets, policy makers may consider the formation of horizontal linkages to other sectors, including agricultural and health sectors, for utilising recycled materials. This would ensure a broader compliance with national sustainability and efficient resource-use objectives.

Additional Resources

Case Study: Overarching regulation for a circular economy that covers the entire product value chain and focuses on sustainability: Cesar Santos (European Commission)

Case Study: Chinese standards: What can they achieve and where do they fail?: Masuma Farooki (MineHutte)

Case Study: Implementation of EU Conflict Minerals Regulations: Marianne Moor (PAX)

Chapter: Overarching regulation for a circular economy such as the EU's Battery Regulation: Meeting the Milestones in the Responsible Sourcing Roadmap; Good Practice Guidelines for the Mobility Sector.

Chapter: Chinese Policy Approach to Sustainability: Meeting the Milestones in the Responsible Sourcing Roadmap; Good Practice Guidelines for the Mobility Sector.

3. Corporate Strategies & Governance of Supply Chains

Over the course of the RE-SOURCING project, the RS practices of companies has been a major focus. As operators across the mineral supply chains, they are the leading actors who through their actions, whether voluntary or compliance based, foster RS practices. In this section, the report distils three main corporate strategies that influence RS related governance of supply chains. These are:

1. Designing a corporate strategy reflecting sustainability principles
2. Effectively communicating RS practices to suppliers
3. Conducting supplier assessment & supporting suppliers to undertake RS practices.

3.1 Designing a Corporate Sustainability Strategy

Target group: Mining, smelting & refining, manufacturing & recycling companies seeking to draft or rework the company's corporate sustainability strategy.

A clear sustainability strategy helps to align a company's internal efforts and communicate externally identified RS risks and mitigation approaches. A good strategy will outline concrete actions and systems for implementing the company's identified RS goals. This also communicates the company's commitment to RS to both internal and external stakeholders (employees at all levels, impacted communities, suppliers, clients, investor, regulators etc.).

Having a sustainability strategy is an industry standard: A clear and transparent sustainability strategy helps to align workflows, ambitions, and goals. A sustainability policy reflects a company's compliance with national legislation and alignment with sector/industry standards. This is becoming a pre-requisite to attract investments, access certain markets and attract a skilled labour force.

A strong sustainability strategy is a competitive advantage: A strong corporate strategy provides the company with credibility on its sustainability approach and that it is 'fit-for-future'. With future legal requirements for RS practices expected to become more stringent, early voluntary incorporation of these indicators will be more efficient in meeting compliance requirements of upcoming regulations.

3.1.1 Considerations for Practitioners

Creating a vision: Through internal and external consultations, articulate a vision for the company that is clear and meaningful and does not rely on vague or overly ambitious sustainability terminology. It is important to collect data on challenges present at every level of the organisation, to generate support to address these issues across the organisation, from management level to on-site workers.

Defining objectives: The definition of objectives is an important task, these need to be clearly outlined and must balance between being too open and too narrow. Objectives should outline the individual steps or milestones of achieving an outcome.

- Objectives should be defined by consulting external experts from existing sectoral standards, national authorities, CSOs and other stakeholders such as employees, business partners and specialized associations such as RBA/RMI, EPRM, CSR Europe.
- Goals should be aligned with internationally recognized standards/approaches to sustainable business practices (UN Global Compact, OECD Due Diligence Guidance for Responsible Business Conduct).

Drafting a policy: Having defined the objectives for each pillar, the next stage is to create a policy that provides a set of guidelines and tools to govern and inform the actions of its employees. The policies will define the scope of action and decision making as well as the role and responsibilities at different managerial levels.

Outlining target areas: Taking a bottom-up approach for target and action setting is recommended, incorporating individual nodes of business operations – these targets/actions do not need to be uniform across the business, they can reflect quantitative targets (such as emission levels), qualitative targets (such as processes to be undertaken) and those requiring external validation of company performance (such as gaining & maintaining certifications).

Reporting on sustainability performance: With the emerging concerns around greenwashing by companies, it is important for companies to implement transparent and clearly communicated reporting strategies, following internationally accepted reporting templates (such as the GRI). In addition, the information being reported carries more weight and relevance where it has been assured/audited by an independent third-party.

Deploy a materiality analysis: A firm will have limited human, financial and other resources to devote to its sustainability approach. To make the best use of limited resources it will need to prioritise certain issues above others. Conducting a good materiality analysis allows to focus on issues that are important to the firm and its stakeholders.

Internal & external communications strategy: Communication should be *understood separately from engagement*. Communication focuses on content being delivered to a defined audience while engagement is more of a learning and discussion process. Communicating what the company is considering, how these processes will be managed, and the goals and objectives for doing so, are essential for stakeholders to engage with the development of the sustainability approach.

Provide the appropriate tools for employees: A corporate policy needs to include tools for its implementation. Organisations can benefit from exploring the tools and templates produced by industry associations, CSOs and other think tanks.

Additional Resources

Chapter: Coherent Sustainability Approach for an Extractive Company: Meeting the Milestones in the Responsible Sourcing Roadmap; Good Practice Guidelines for the Renewable Energy Sector.

Report: Roadmap for Responsible Sourcing: Renewable Energy - Industry

3.2 Using a Strong Responsible Sourcing Standard for Suppliers

Target group: The sustainability department of a company (mining, refining, manufacturing, recycling etc.) seeking guidance on adopting RS standards.

Depending on their position in a supply chain, a company will have several layers of suppliers. Given that suppliers/firms may be providing goods & services to several clients, the need to report on RS practices for every supplier can be next to impossible. In these cases, good practice examples from the RE-SOURCING project indicate that the use of an international RS standard(s) allows a firm to communicate its RS principles to its suppliers/clients in an effective manner. Large companies (whether manufacturing or mining) can use their leverage to steer suppliers towards complying with established sustainability requirements, by requiring adherence to a strong RS standard. A strong RS standard should always include the following elements:

- Engagement with local stakeholders such as workers and communities
- Mandatory transparency of the audit & results for public use
- Consultative approach to corrective actions required from suppliers

Company benefits: For global manufacturing companies, the procurement department has concrete RS requirements to implement. By using a comprehensive, well-accepted standard for most (if not all) materials, tier-1 and tier-2 suppliers can focus on meeting a single standard for procurement. Leading firms have greater assurance that they are purchasing responsibly mined raw materials, semi-finished or recycled products.

Supplier benefits: By including a strong standard in the supplier's contract, suppliers have a clear understanding of requirements from procurement companies. This can lead to the supplier streamlining their own RS practices to align with an established criteria and due diligence requirements.

Mining & metals sector benefits: Leading firms implementing a strong RS standard increases pressure on the other firms to improve their performance. The choice of a good standard allows companies to use a step-by-step approach to improve their RS performance over time, instead of being faced with a 'pass or fail' audit approach.

3.2.1 Considerations for Practitioners

Development of sustainability strategy: The corporate sustainability strategy should reflect alignment with or adoption of the RS standards. See previous section on designing a corporate sustainability strategy.

Senior management buy-in within the lead firm: To adopt and implement a strong RS standard for suppliers, senior management buy-in is crucial. For example, to include RS practices in the decision-making procurement process, senior management will need to provide internal leadership and reinforce the RS aspects of procurement.

Identifying multiple standards: The decision to use a strong standard is ideally embedded in a company's sustainability strategy. However, a lead firm may require more than one standard. For example, the use of recycling material may be under one standard and raw material procurement under another. In addition, multiple certification schemes may need to be identified as some certifications are mineral specific (such as copper or aluminium standards). Therefore, suitable standards need to be identified by examining and benchmarking different standards. A standard that offers greater coverage should take precedence over others if the quality is otherwise equal.

Clearly communicating the standard requirements to suppliers: Company purchasing contracts and service agreements and code of conduct for suppliers should refer to strong RS standards. These should be communicated to suppliers from the pre-award stage, so that they are aware of compliance

requirements. Required practices should reflect or allude directly to well-established RS standards and templates where they can.

Benchmarking of standards and certification schemes: Standards change and develop in scope and criteria over time. In the broad landscape of standards, there are different scopes and requirements of the schemes, and the company should maintain a matrix of what it is asking its suppliers to comply with.

Support awareness of the selected standard: Lead firms can use their market power to support the awareness of their preferred RS standard within the industry. Ideally, other lead firms will then also select the same/similar standard for their procurement processes. Thus, the sector as a whole can have leverage to ensure compliance amongst suppliers and encourage more uptake across the supply chain.

Industry collaboration with RS standards: Companies within a particular sector should collaborate for adopting or aligning with similar RS standards. Collaborations with third party schemes, including auditing, has been shown to be effective, considering lead companies' vast value chains that span several hundreds of thousands of suppliers and trading partners.[2]

Working constructively together with recognized RS standards and initiatives benefits companies by having access to guidance on a variety of different topics as well as having access to a pool of suppliers that are already compliant with the chosen standard.

Non-Compliance not a basis for loss of contract: Supply chains will have several SMEs that may not have the capacity to immediately change operating behaviours to be compliant with an RS standard or certification set by the lead firm. In these cases, lead firms should not use non-compliance as a reason for disqualification. Instead, supporting measures to bring the supplier into compliance should be considered. Only in the case of wilful disregard of RS standards, should termination of contracts be considered.

Additional Resources

Case Study: Responsible procurement of minerals by using a strong standard. Rebecca Burton (IRMA) & Claudia Becker (BMW)

Case Study: Worker-driven monitoring & public procurement leverage. Björn Claeson (Electronics Watch)

Chapter: Responsible procurement of minerals by leading firms, through aligning with a strong responsible sourcing scheme: Meeting the Milestones in the Responsible Sourcing Roadmap; Good Practice Guidelines for the Mobility Sector

Chapter: Empowering the workforce: Meeting the Milestones in the Responsible Sourcing Roadmap; Good Practice Guidelines for the Electronics Sector

3.3 Sector Level Validation & Combined Supplier Auditing

Target group: The compliance department of a company (mining, refining, manufacturing, recycling etc.), CSOs seeking to establish supply chain monitoring.

An essential ingredient of RS practices is to monitor compliance by companies and suppliers. Given the multiple actors involved in mineral supply chains, the assessment and validation of each individual firm can be a huge drain of resources for any company or government. The RE-SOURCING project research has identified the use of combined supplier assessment as a key approach to scaling up the validation process for a large number of firms.

[2] RE-SOURCING Good practice guidelines for the mobility sector (pp. 10-11)

There are two approaches found within the case studies of this project: 1) Procurement companies come together to establish a supplier assessment system, operated, and administered by a neutral third-party and 2) Civil society led monitoring and validation for procurement contracts. Both approaches have three common elements:

- The use of an independent third-party to determine the RS requirements
- A range of assessment mechanisms to monitor and report on performance
- Instead of a pass/fail audit approach, use assessments as a diagnostic tool to plan and implement corrective actions.

Benefit from economies of scale: The benefit of a combined supplier assessment approach is that it allows for economies of scale to be established. Where lead firms agree on a given assessment criteria, they contribute to standardising RS performance, thereby encouraging a level playing field for themselves and their suppliers. Where more suppliers and lead firms join the initiative, greater uptake of RS practices across the sector takes place – increasing the sustainability performance of the larger group. By responding to a standardised assessment scheme, suppliers (particularly SMEs) can reduce the administrative burden and resource use for reporting on their RS practices to each client. Lead firms save resources and administrative burden by no longer having to audit suppliers individually.

The principle of the approach is that several suppliers get audited by a single entity, which verifies and stores this performance-based information. Companies that are part of the initiative can access the information and ensure that their suppliers are compliant with the established RS performance standard.

3.3.1 Considerations for Practitioners

Consultations with peers to establish sector needs: If a sectoral initiative already exists, the recommended approach would be to join this initiative. However, as initiatives do not exist for all sectors, companies can consult with their peers about establishing one.

Working with specialists & standards: The companies should identify assessment specialists that have experience in auditing and assessing suppliers in their industry. In consultation with assessment specialists, they will need to identify, prioritise, and agree on the RS practices that will be assessed. Lead firms can look at their internal reporting requirements, consult external standards, guidelines and templates as well as engage with key suppliers to draft a list of performance indicators to be assessed. Once a list has been agreed, the next step is to decide on an assessment mechanism which can include audits, certifications, and continuous reporting mechanisms.

Handing over to an independent third-party: Once a group of companies or CSOs have identified the benefits of creating a combined supplier assessment platform (and have the resources to do so), the task should be assigned to a neutral third-party. This third-party will then act as administrator and provide validation services.

Assisting suppliers: If suppliers do not initially meet the RS standards developed under the approach, it is important to engage and support them in improving their practices. Ending a business relationship should only be the last resort in cases where a supplier is unwilling to improve. The third-party should be involved in working with all parties in establishing what corrective actions, remedies and remediations need to be undertaken.

Third party monitoring for direct & effective reporting of issues by stakeholders: The third-party monitoring should work in both directions in a supply chain. While clients can monitor the RS practices in their suppliers, there should be a grievance mechanism that allows vulnerable actors to raise concerns with the client/CSO. This greatly increases the transparency of reporting and can catch issues that a one-time external audit might not bring to light.

Additional Resources

Case Study: Supplier Auditing for Responsible Sourcing. Jakob Smets (Together for Sustainability Initiative)

Case Study: Improving work-place conditions through monitoring. Fanny Frémont (Responsible Mica Initiative)

Chapter: Supplier Assessment Through Shared Resources: Meeting the Milestones in the Responsible Sourcing Roadmap; Good Practice Guidelines for the Renewable Energy Sector

Chapter: Supporting Responsible Workplace Practices: Meeting the Milestones in the Responsible Sourcing Roadmap; Good Practice Guidelines for the Electronics Sector

Briefing Document: Advocacy & Awareness Building: Connecting the Two Ends of a Mineral Value Chain.

4. Changing the Business Model for Responsible Sourcing

Target group: Companies manufacturing products with high recycling potential.

The circular economy has gained traction over the last decades, with the EU setting ambitious goals to transition towards a circular economy (European Commission, 2020). Within the RE-SOURCING project research on good practice cases, two approaches were identified that support circular economy models. The first considers taking a Life Cycle Approach (LCA) to business models, and the second looks at designing products to be more sustainable and easier to recycle.

Adopting a **LCA approach** requires the business to fully understand the environmental impacts of its production cycle, from the mine site to the end of the product's life. This requires the business to then develop a more environmentally sustainable approach across its production cycle that addresses:

- Material sourcing: Fully utilising the raw materials for the product
- Product design: Designing for high-value recycling
- Manufacturing: Manufacturing with less energy, water and GHG emissions
- High-value recycling: High material recovery rates of at the product's end-of-life.

LCAs can be assisted by using the eco-design process and environmental hotspot analysis for both the inputs for the product as well as where the product will be deployed.

Adopting a **product designed for sustainability** requires:

- Reliability: The construction of the product is robust, allowing for minimal damage to the product in everyday use.
- Diagnosis & Update: The product's design is modular in nature, allowing for easier diagnosis of which component is failing. This allows for components to be replaced as needed and the entire product does not need to be replaced, extending its use phase.
- Affordable spare parts and repair services: Where parts do need to be replaced, the cost of the replacement is not prohibitive nor encourages consumers to buy new products. This can also be aided by providing a manufacturing warranty, to encourage users to repair rather than replace a product.

4.1.1 Considerations for Practitioners

Product offering: At the time of sale, the product offering should be clear and encased within a legal contract that clearly details the agreement between the customer and manufacturing company on end-of-life product management. The manufacturing firm should set aside funds at this stage to cover the collection and recycling costs.

Prolonging the use phase: Increasing the longevity of a product should lead to a reduction in production units over time, which in turn leads to the reduction in environmental impacts from a life cycle perspective. Several considerations are important to make a long-lasting product. The first is to design a product that is robust and able to withstand damage in everyday use. The design should also lend itself to repairability by a taking a modular approach. An affordable repair service should be available, whether by the manufacturer or by third parties. If parts need to be replaced, the cost of the replacement should not be prohibitive nor encourage the consumers to replace rather than repair. Similarly, if the product needs a software to run, such as a phone operating system, providing continuous software support is essential to prolong the use. The longevity and hence sustainability aspects can also be used to assist in marketing campaigns.

Repurpose: Where the longevity of a product cannot be extended, repurposing the unit (or its components) is a viable option to extend the use phase. Repurposing or reusing for a second life stops products from being recycled at an early stage or being consigned to waste.

Take-back scheme: Well-functioning take-back schemes can take different forms and need to be properly planned and maintained. A good approach is to ask for a deposit at the time of the sale of the product and clearly communicate to the customer that they will get money back upon return of the product, no matter if it is functional or not. Another approach is for clients to be contractually obliged to return the product at end of life (appropriate for public procurement or business buyers). To ensure that enough finances are available to provide effective take-back logistics, the costs can be factored into the sales price and put aside for the sole purpose of funding the scheme.

In-house recycling: An efficient approach to recycling a specific product is for the manufacturing company to design/provide its own recycling facilities. Accompanied by a take-back scheme and product design, this can lead to higher recycling and recovery rates. This allows companies to efficiently reuse their materials and sustain an effective circular business model.

Environment, safety & health considerations: Recycling centres must have the appropriate measures and capacity to address environmental, safety & health issues. One approach is to use a closed system to separate the workers from direct contact with toxic and carcinogenic elements.

Customer relations: The circular economy approach with rebuying the product is based on a strong connection and communication between producer and customer. At the time of sale, the company must ensure a future relationship to the customer to be kept informed about the whereabouts of the product/component (such as the battery). For large public or business customers, this is easier than for private buyers. Other options are a deposit for the battery or the lending of the battery with a return contract. The firm should set aside funds at this stage to cover the collection/ buyback/ deposit and recycling costs.

Additional Resources

Case Study: Effective collection & treatment for EOI PV modules. Andreas Wade (First Solar)

Case Study: How to implement a circular economy for batteries. Olivier Groux (Kyburz)

Case Study: Fairphone & Longevity Score. Thea Kleinmagd (Fairphone)

Chapter: Using a Life Cycle Assessment Business Model: Meeting the Milestones in the Responsible Sourcing Roadmap; Good Practice Guidelines for the Renewable Energy Sector

Chapter: Implement a circular economy for batteries such as KYBURZ: Meeting the Milestones in the Responsible Sourcing Roadmap; Good Practice Guidelines for the Mobility Sector

Chapter: Resource Efficiency & Product Longevity: Meeting the Milestones in the Responsible Sourcing Roadmap; Good Practice Guidelines for the Electronics Sector

5. Conclusion

The good practices presented in this document are to provide RS Practitioners insights and guidance on their RS journey. While these do not offer comprehensive coverage for all actors within mineral supply chains, they reflect the most urgent areas of intervention as noted by stakeholders during the consultations undertaken by this project.

The overall aim is the wide implementation of RS practices to **create a level playing field** for all actors. A level playing field allows every actor the same opportunities to conduct business and adhere to the same set of rules, without being competitively disadvantaged. Policy makers play a decisive role in creating a level playing field by implementing policies, legal frameworks, and (international) agreements that prevent individual companies from gaining a competitive advantage through illegal or otherwise unsustainable business practices. Businesses create a level playing field by ensuring they follow the same set of rules across their operations, regardless of jurisdiction. A level playing field acknowledges the existing power and geo-political asymmetries. Therefore, it is important to support those in need of assistance for the implementation of equal standards.

The good practice synthesis in this document provides for two key underlying themes that, if widely implemented, will create a level playing field for the benefit of all actors.

RS practice alignment across mineral supply chains: Implementing and enacting RS practices through policy and regulatory requirements by both the public and private sector sends a strong signal to companies that all actors must operate within the same set of RS rules and requirements. Several such laws have been implemented on a national and international level, including the *Lieferkettengesetz* in Germany, the EU Battery Regulation and the EU Critical Raw Materials Act.

As downstream companies align and become more stringent in their RS requirements from suppliers, similar RS standards will be required for materials sourced from within and outside the EU. Given the economic leverage of EU companies and financiers, this will create a cascade for supply chain actors to comply with the similar RS requirements.

The implementation of stricter RS legislation & requirements needs to be accompanied by supporting suppliers to become compliant with these standards. Without supporting measures, smaller actors lacking the resources to adapt their practices will be pushed out of the market.

Circular economy & decreased resource consumption: A level playing field is important to support moving towards a circular economy. Regulations & business models that extend the implementation of extended producer responsibility, mandatory design guidelines for circularity, aimed at facilitating recycling, repairing or repurposing, will eliminate the possibility for some companies to manufacture products with planned obsolescence or otherwise linear life-cycles.

To further reduce primary raw material use, RS practices on resource efficiency require business models to adapt to preventing unnecessary high material intensity in their production processes. Through the facilitation and encouragement of knowledge sharing and providing supporting resources to companies, policy makers can help companies with less resources to effectively transition towards the required practices. As noted in the introduction, these practices are complementary and reinforce each other. Therefore, actors need to work towards similar objectives. By higher uptake of good practices, the mineral supply chain can ensure that the extensive global sourcing and consumption of raw materials required for the green transition is based on sustainability principles & practices.

6. References

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