



re-sourcing

How do we pay for Responsible Sourcing?

Un-Equitable Distribution of the Cost of Responsible Sourcing?

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Why is the economics important?

The cynical or realistic rules:

- *Money generally trumps good intentions*
- *Money can also trump regulations!*



Pick a standard – any standard!

General

Standard

Reporting Template

Regulation

Guidance & Initiative

- CSO, Mining industry, OEMs, Consumers, Investors – convergence in statements & objectives

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WIKI

EXISTING APPROACHES

EXTERNAL LINKS

CONSULTATIONS

WIKI

Responsible sourcing practices are embedded in the wider sustainability agenda; they are a means to an end. Numerous approaches have been developed by industry and civil society to address responsible sourcing challenges, across global value chains, ranging from employing safe and fair labour practices, protecting human rights, safeguarding financial integrity, mitigating impacts on the environment linked to operations, the social impact on communities and inter-related business practices, to name a few. For a greater discussion on the business case for responsible sourcing, please [see 'Responsible Sourcing: The Case for Business Competitiveness'](#) briefing document from the project team.





Pick a standard – any standard!

General

Standard

Reporting Template

Regulation

Guidance & Initiative

- CSO, Mining industry, OEMs, Consumers, Investors – convergence in statements & objectives
- Gaps remain amongst sustainability approaches in implementation & evaluation methods
 - *danger of divergence in evidencing sustainable management & production processes*



Understanding the trade-off

- Sustainability is a **business approach** – it is not merely a compliance requirement
- It has a very **real cost** to the business – not being currently reported:
 - Cost of changing current operating practices – reskilling & innovating
 - Cost of due diligence and supporting suppliers – increase supplier development programmes
 - Cost of compliance with multiple customer standards & requirements – staff & time
- Executive bonuses & share prices vs. long term sustainability performance of the business – the ‘reward’ and ‘cost’ **time horizons** have not converged.



re-sourc Consultative process for national mining policy

Juan Carlos Jobet Eluchans, Bi-Minister of Energy & Mining, Chile, shares his country's experiences and approach with the Re-SOURCING Project in designing a consultation process for Chile's National Mining Policy 2050.

- Case presentation [video](#)
- Case summary [slides](#)

Effective collection & treatment for EOI PV modules

Andreas Wade, the Global Sustainability Director at First Solar, discusses the Circularity Pre-Requisites for Terawatt Scale Photovoltaics at a peer learning event held by the Re-SOURCING Project.

- Case presentation [video](#)
- Case summary [slides](#)

Supplier Auditing for Responsible Sourcing

Together for Sustainability Initiative's Jakob Smets shares insights in designing a supplier sustainability audit for the chemical industry, with lessons for other industrial clusters in this presentation, hosted by the Re-SOURCING Project.

- Case presentation [video](#)
- Case summary [slides](#)



Functioning in competitive markets

- **Commodity super cycle?** Project pipelines remain narrow for base & critical minerals – geology as well as time to launch projects has increased
- **Price pressures** are still indicative of demand & supply fundamentals – responsible mining practices are currently not a factor in determining price – although price is one of the strongest inducers of **changing** consumer & producer **behaviour**.
- **Market access** beginning to be impacted by sustainability indicators – in Europe largely.
- **Market competitiveness** still largely impervious to sustainability

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What is equitable cost sharing?

Pay according to means

Pay according to impact

- The Paris Climate Accords enshrined the principle behind sharing the cost burden:
 - The Green Climate Fund

Status Date: **31 July 2020**

A total of 45 countries, 3 regions and 1 city have made a pledge to the Green Climate Fund (GCF) during the Initial Resource Mobilization (IRM) period, including 9 representing developing countries (Chile, Colombia, Indonesia, Mexico, Mongolia, Panama, Peru, Republic of Korea, and Viet Nam). The combined pledges and contributions made to the Fund during IRM are indicated in the table below.



* Amounts indicated are based on reference exchange rates established for IRM (GCF/BM-2015/Inf.01/Rev.01.).



- Key Stakeholders in a sustainable mineral value chains

Stakeholder	Objective of standards	Can they pay?
Local communities	To protect	Cannot pay, but bear the brunt
Mining/exploration companies	To hold accountable	Can pay but cannot charge
Local & national governments (host)	Safeguard national EESG	Taxes & revenues for development
Transport & logistics	Missing	No confirmation – given they are a large GHG emission source
Smelter & refinery	To trace – convenient bottleneck	Cannot pay – small operating margins



- Key Stakeholders in a sustainable mineral value chains

Stakeholder	Objective of standards	Can they pay?
Stock markets & metal exchanges	Regulate access & behaviour	Control access for those who can pay
Manufacturers	Creating accountability within supply chains	Limited ability \uparrow final product price due to competition
Consumers	Delivery on sustainability pledges	Limited price elasticity
Recycling/End of life	Encouraged but policy support lags	High operating costs at this time
National governments (home)	Not in my backyard, but establishing rules for other backyards	Regulations are cheap – but mineral supply security is threatening economic well being

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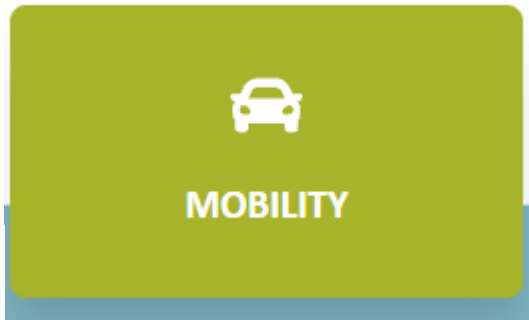
The Re-Sourcing Project

Moving toward a level playing field for the implementation of responsible sourcing practices in the mineral supply chains

Key moment in time?

- The climate change movement has shifted centres of decision making – traditional domains no longer exert the same level of control over decisions & implementation.
- The conversation is moving from ‘what’ to ‘how’.
- Those bearing the ‘cost’ are lowest on the totem poll of power – but this is changing in terms of their impact and outreach.
- Someone will need to ‘pay’ for making sustainability ‘happen’ – an underlying pillar of the Paris Accords.
- But we have not as yet figured out what an equitable distribution of ‘costs’ and ‘payment’ is.
- The urgency to get this right is increasing.

Sector Roadmaps for Responsible Sourcing



Briefing Documents



Responsible Sourcing & Standards

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Responsible Sourcing & Alliance Building

This briefing document focuses on the key factors for a successful alliance that support responsible sourcing. Successful alliances need clear objectives & balance the need for consultation with the need for action. Their governance structures need to be transparent & articulate the trade-offs their decisions entail.


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Project Team 29 Sep 2021

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Virtual Event
re-sourcing [The Roadmap Workshop on the Mobility Sector](#)
Roadmap Workshop 28 Oct 2021


Virtual Event
 [On the Road to Responsible Sourcing](#)
Virtual Conference 08 Nov 2021

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Consolidating & Converging

- Initial consultations on the EEE sector
 - Roadmap workshops on the Mobility sector
 - Best practice cases for the Mobility sector
 - 2nd Project conference in November – On the road to responsible sourcing
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THANK YOU
for your attention!

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