

Mapping Sustainability Standard Systems for Mining and Mineral Supply Chains

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Responsibility in Global Supply Chains

„The responsibility to respect human rights requires that business enterprises... seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.“

UN Guiding Principles

Due Diligence Requirements for Supply Chains are incorporated increasingly in **international guidelines and regulation**

e.g.

- UN Guiding Principles on Business and Human Rights
- OECD Due diligence Guidance (minerals, agricultural raw materials)
- EU Timber Regulation
- EU Conflict Minerals Regulation
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Currently more than 50 **Sustainability Standards Systems** and Initiatives in the mineral sector and more to come....

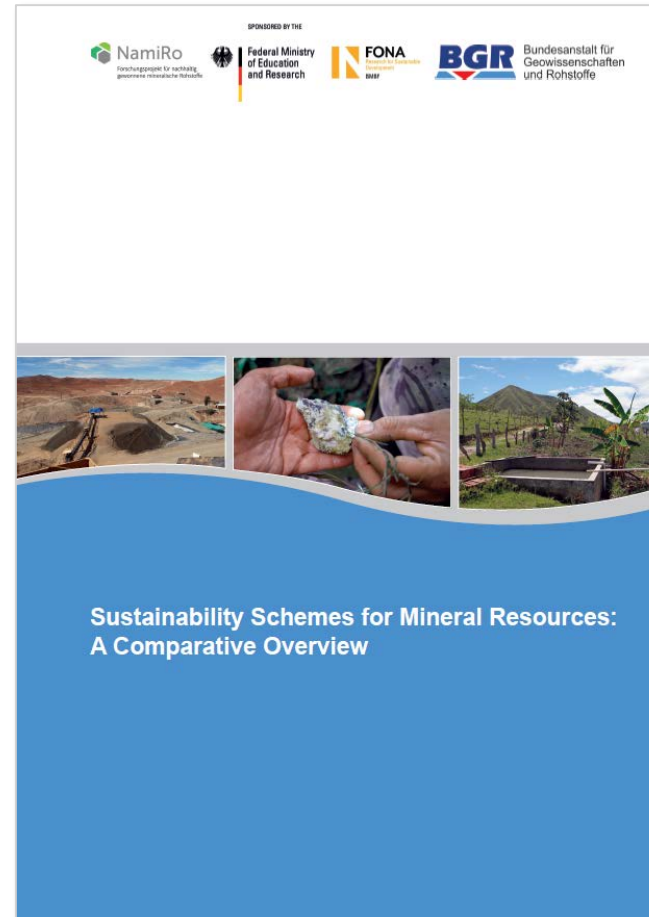
- Aluminium Stewardship Initiative
- Initiative for Responsible Mining Assurance
- Responsible Jewellery Council (RJC)
- Responsible Minerals Initiative (RMI)
- Fairmined Standard
- Xertifix e.V.
- Towards Sustainable Mining (TSM)
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Sustainability Standards Systems

- ▶ BGR study on the analysis of 19 sustainability standards for mining and mineral supply chains, 2017
- ▶ Summary of the findings from three research projects on sustainability standards systems funded by German Government (BMU, BMZ, BMBF), 2018;
- ▶ Synoptic analysis of research results (Commodity Top News 59)

Outcomes:

- ▶ Mapping of Sustainability Standards Systems Content
- ▶ Fact Sheets on Initiatives (including structures and processes)
- ▶ Recommendations for relevant stakeholders



Mapping Sustainability Standards Systems – Supply Chain Coverage

Supply Chain Phases		Upstream Supply Chain					Downstream Supply Chain				Use/Re-Use Phase	
Supply Chain Tiers		Exploration	Mining & Processing	Intermediary	Export	Smelting/Refining	(Re) Import ⁶	Semi-Fabrication	Material Conversion	Manufacturing	Wholesale & Retail	Recycling/Smelting
Commodity	Scheme											
All minerals	GRI	r	r	r	r	r	r	r	r	r	r	r
	IFC	x	x			x		x	x	x		
	IRMA	x	x									
	MAC		c, r									
	ICMM		c, r									
Aluminum	ASI	x, t	x, t	t	t	x, t	t	x, t	x, t	t	t	x, t
Diamond*	RJC	x, t	x, t	x, t	x, t	x, t	x, t	x, t	x, t	x, t	x, t	t
Gold	CN Code		x									
	WGC		d									
	LBMA					d						t
Gold, silver, platinum	Fairmined		x, t	t	t	t	t	t	t	t	t	t
	Fairtrade		x, t	t	t	t	t	t	t	t	t	
Tin, Tungsten, Tantalum, Gold	RCM		d	d	d							
	RMAP					d	**	**	**	**		t
	iTSCi (only 3T)		d	d	d	d	**	**	**	**		
	CTC		x, t	t	t							
Natural Stone	Fair Stone		x, t	–	t	–	t	–		t***	t	
	XertifiX		x, t		x, t		t			–	–	–
Coal	Bettercoal		x	**	**		**			–	–	–

x Implementation of sustainability requirements beyond commitment and reporting (may include due diligence on conflict risks and human rights violations)

c, r Sustainability commitments in company policies (c); Sustainability reporting requirements (r)

t Requires traceability and tracking of origin of raw material, i. e. mine or secondary source

d Requires supply chain due diligence on conflict risks and human rights violations (may include c, r and t on conflict risks and human rights violations)

from: Kickler and Franken, 2017, www.namiro-projekt.org

Mapping Sustainability Standards Systems - Contents

In general:

- ▶ Sustainability Standards Systems are designed adopted to the needs (by stakeholders) and their objective e.g. standards to be applied in artisanal mining are different with regards to their requirements than those for industrial mining,
- ▶ Most standards refer to internationally acknowledged frameworks such as the ILO standards, OECD guidelines etc.

Approach:

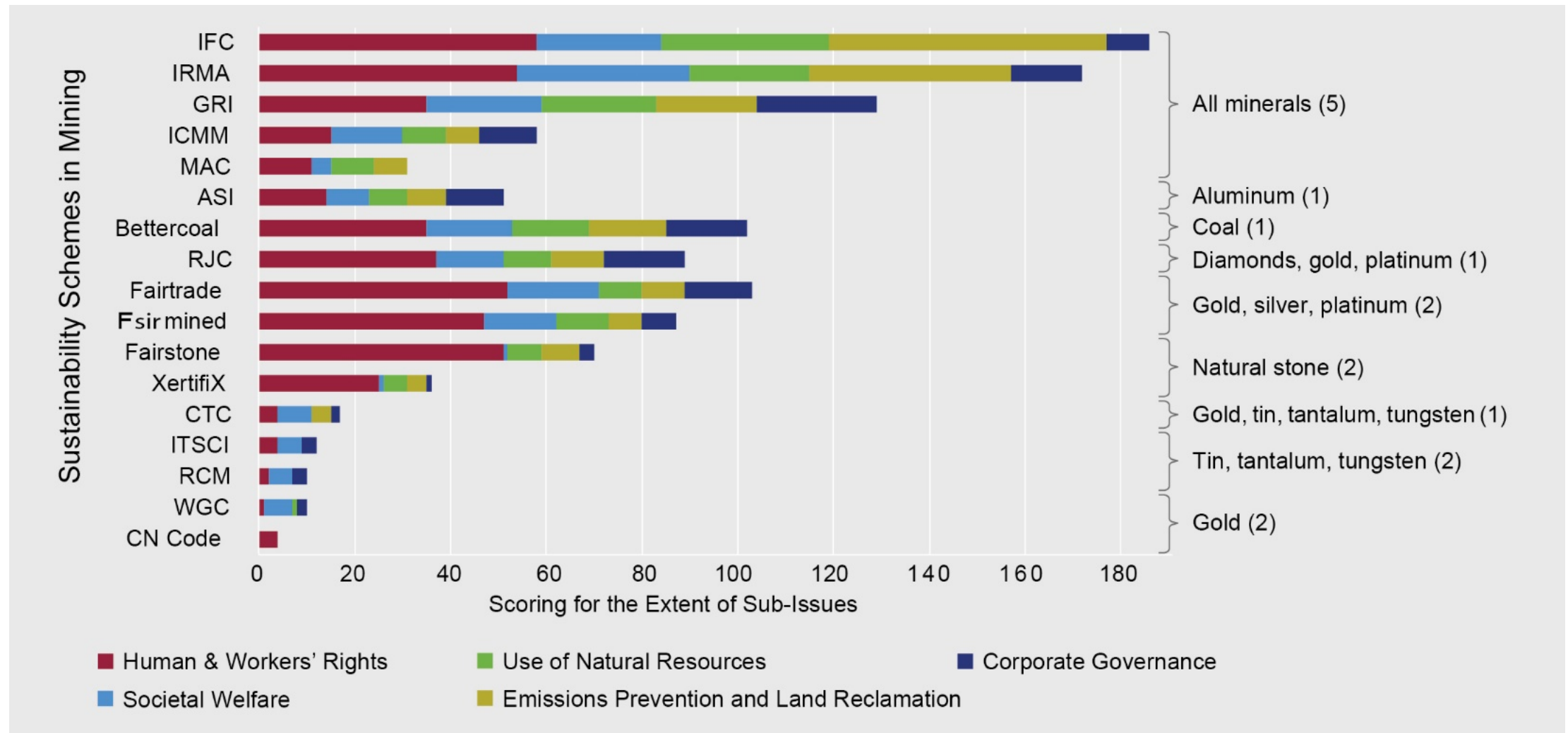
- ▶ A general standard catalogue of 86 issues was derived from the standards systems and frameworks currently applied.
- ▶ Comparative analysis of standards content shows the **issues addressed** (but is no assessment of governance structure, performance or impact i.e. no benchmarking!)

Mapping Sustainability Standards Systems – Content

General standards catalogue with:
5 categories (based on ISO 26000),
14 issues and 86 sub-issues.



Mapping Sustainability Standards Systems – Content

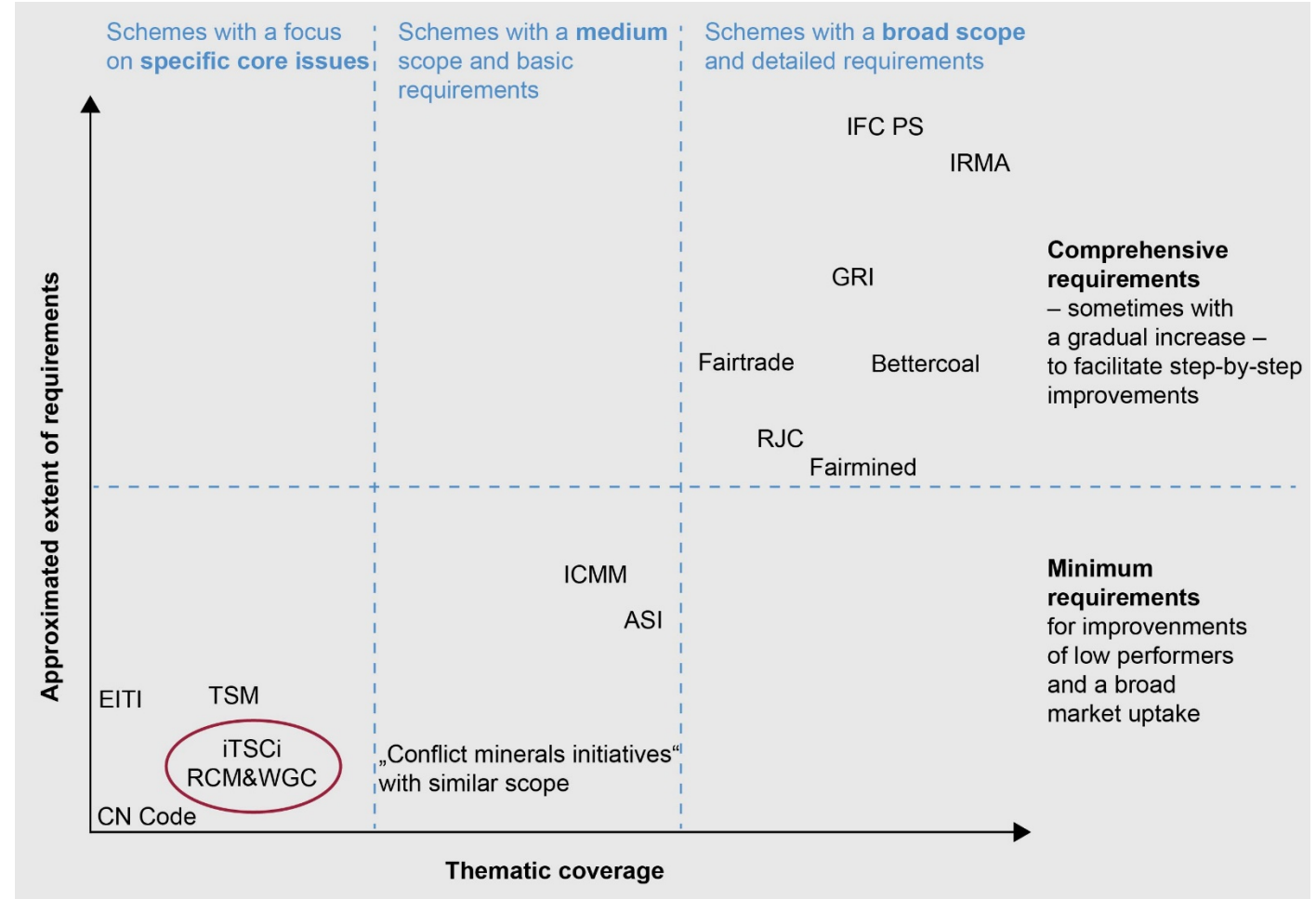


from: Kickler and Franken, 2017, www.namiro-projekt.org

Mapping Sustainability Standards Systems – Content

Extent of requirements, thematic coverage

- ▶ Snapshot of issues addressed by standards systems frameworks (2016)
(does not consider implementation / impact)
- ▶ Systems are continuously evolving, taking up new issues and requirements
e.g.
new ASI standard (2017) extended coverage and requirements,



from: Kickler et al., 2018 (CTN 59)

Responsibility in Global Supply Chains – Ways Forward

Challenge: Various requirements and standards systems

- ▶ Further progress towards common understanding of responsible sourcing needed, especially environmental issues are addressed quite heterogeneously.
- ▶ Some issues need more attention such as efficient energy use, local procurement or contributions to regional development

Examples:

Responsible Minerals Initiative (assurance on conflict related due diligence) developed Risk Readiness Assessment Tool for self-reporting on 31 sustainability criteria (based on analysis of current initiatives and standards).

CRAFT standard developed modular approach based on broad general catalogue of criteria.

Responsibility in Global Supply Chains – Ways Forward

Challenge: Linking Sustainability Standards Systems to local actors and broader sector development

- ▶ Standards systems need to bridge the gap between expectations from downstream and upstream actors,
- ▶ More linkages to development of local capacities and structures (e.g. with government authorities) and ownership are needed.

Examples:

In DRC provincial committees have been established for the oversight of the validation of ASM mine sites (according to the OECD DD criteria for conflict affected and high-risk areas).

EITI, though limited to financial transparency in most countries, provides a multistakeholder platform for the mining sector in general.

Responsibility in Global Supply Chains – Ways Forward

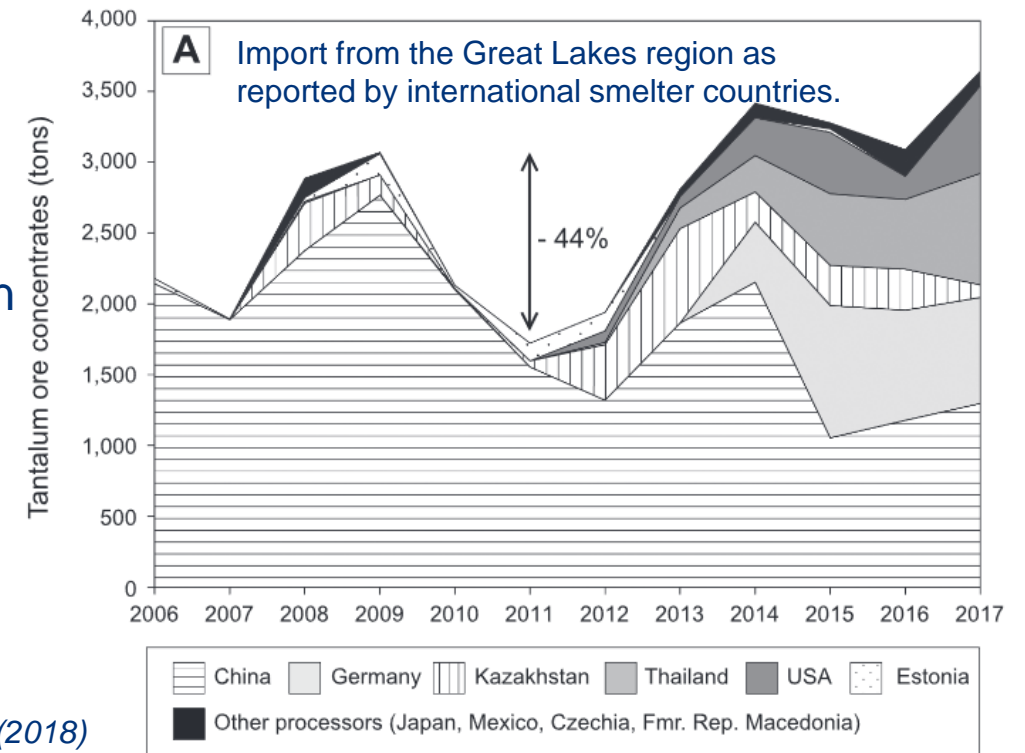
Challenge: Fragmentation versus creating a global level playing field

- Requirements that address or have been developed for one region can lead to imbalances, regional shifting of production and trade

Examples:

Dodd Frank Act led together with other factors to a decrease in mineral trade from the Great Lakes Region, export increase 2011 with due diligence measures for tantalum ores, diversification also due to market conditions (is not observed for tin).

Smelters in China are audited under the Responsible Minerals Initiative; China has developed its own DDG, discussion on an own auditing scheme are ongoing.



from: Schütte (2018)

Responsibility in Global Supply Chains – Ways Forward

Challenge: Covering Costs of Due Diligence in Mineral Supply Chains

- ▶ Sustainability Standards Systems have good uptake in a favorable environment and where production volumes enable due diligence cost recovery from actors,
- ▶ Solutions needed for high-risk areas as well as low market shares e.g. sector-wide approaches.

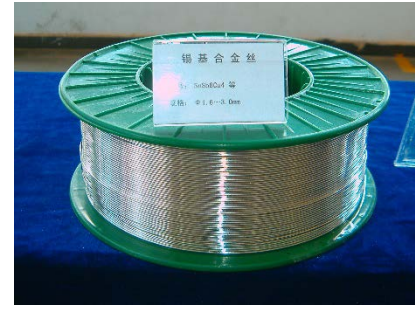
Examples:

Province of Maniema has established basket fund financed by all mining companies to finance inspections; for high-risk areas with armed groups multistakeholder validation missions will continue financed by state or donors.

Production of tin, tantalum and tungsten in Burundi is too small to sustain a due diligence scheme (estimated cost 5,6% of mineral export value), if gold would be included, financing would come down to 0,7% of export value.

Sustainability Standards Systems – Outlook

- ▶ Sustainability Standards Systems can
 - ▶ help businesses to achieve their sustainability goals, be aligned with sector relevant standards, protect their reputation and to increase their leverage in global supply chains,
 - ▶ bring benefits to local communities and help to develop a local platform to adress the relevant issues in the mineral sector,
 - ▶ help to communicate sustainability information to stakeholders and improve transparency of mineral production and trade.
- ▶ Sustainability Standards Systems cannot
 - ▶ solve underlying systemic issues in the mineral sector,
 - ▶ substitute governmental oversight in the mineral sector or national frameworks.



Thank you for your attention.

Further information:

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