

Responsible business conduct in a nutshell

Everything you need to know about the International RBC Agreement for the Metals Sector





Together we achieve more

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“We can achieve more together than on our own. Many human rights and environmental risks are too complex for us to address alone. The agreement is a unique partnership between individuals and different types of organisations that aspire to responsible business conduct. We are well on our way, but we look forward to having other organisations join us in building more responsible metals supply chains. I hope to welcome your organisation soon!”



Why an agreement? Working together

Society expects companies, including those in the metals sector, to own up to their responsibility and to contribute to the well-being of people and the planet. That responsibility goes far beyond their own section of the supply chain. Companies need to know what is happening throughout that chain. The more transparent the chain is, the more companies can work to prevent, mitigate and, if needed, remediate adverse impacts on human rights and the environment, and the better the reputation of the industry and individual companies will be.

Voluntarily or through legislation

A growing number of companies of all sizes are adopting the principles of international responsible business conduct (international RBC). There is a pressing need to do so. In 2021, the EU Conflict Minerals Regulation will enter into force, requiring major importers of tin, tungsten, tantalum and gold to scrutinise the sources of these raw materials. The international community expects the Dutch government to comply with the UN Guiding Principles on Business and Human Rights (UNGPs). Furthermore, the government has endorsed the OECD Guidelines for Multinational Enterprises. In turn, the government expects companies to do likewise. At present, this is on a voluntary basis, but legislation may well be drafted at some point.

“The Netherlands is making agreements about responsible business conduct and sustainable production. When NGOs, businesses, government and trade unions work together, we can achieve more.”

Sigrid Kaag, Minister for Foreign Trade and Development Cooperation



Change calls for cooperation

No one company, industry or NGO (Non-Governmental Organisation) can solve the complex problems in the supply chain on its own. It can only be done by uniting and working together. The International RBC Agreement for the Metals Sector (hereafter ‘the agreement’), signed in May 2019, aids companies in intensifying their international RBC efforts with the help of industry organisations, NGOs, trade unions and government.

“Tata Steel wants to be a responsible producer of sustainable steel both now and in the future. The agreement gives us an outstanding instrument for improving sustainability in our supply chain as a responsible partner. Together, we can make a difference!”

Theo Henrar, Tata Steel

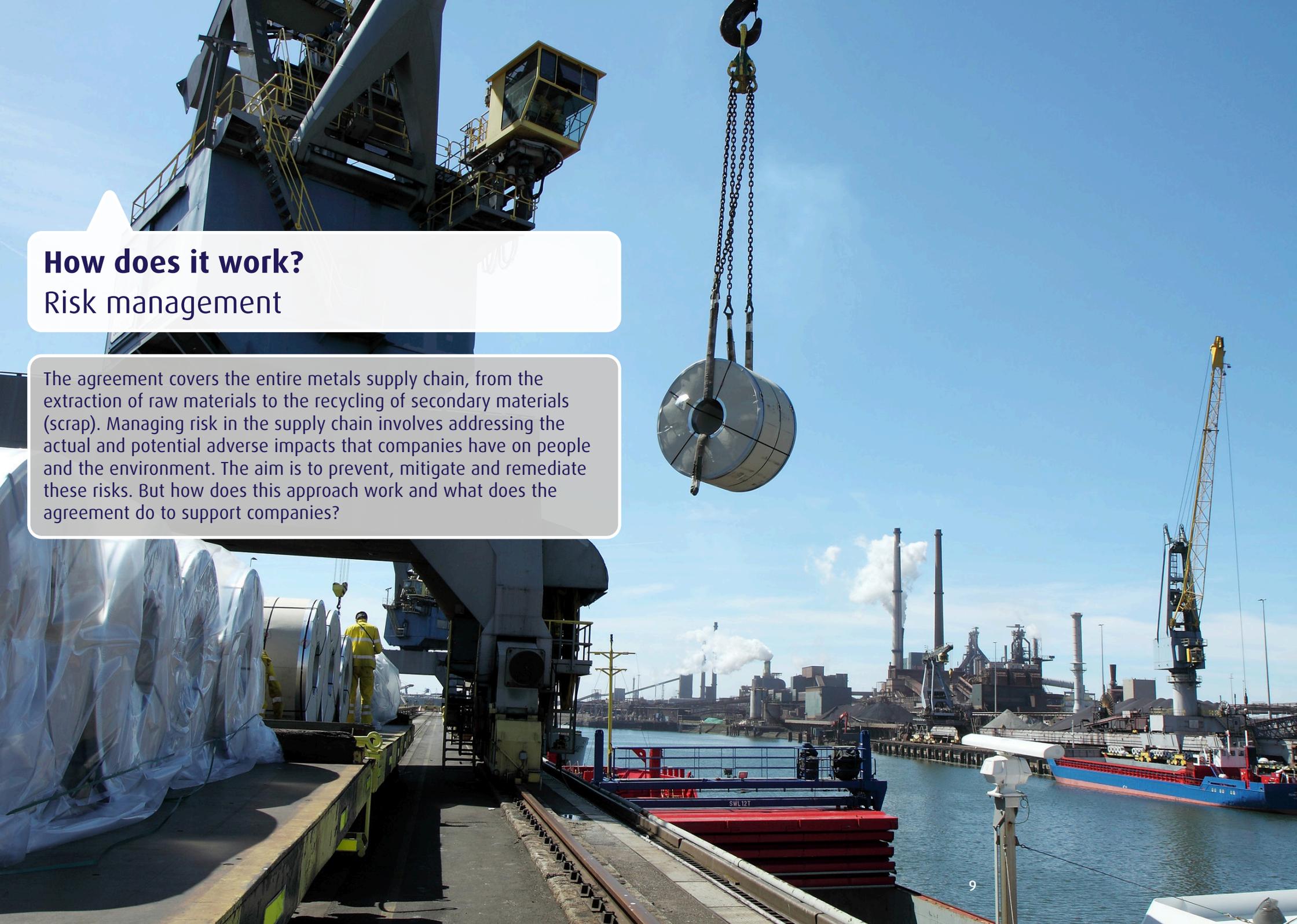


Greater risk

The metals sector is known to run a greater risk of violating human rights, fundamental labour rights and environmental and biodiversity standards and of impacting local communities adversely. Metal and mineral supply chains are often lacking in transparency. First of all, there are many different raw materials to keep track of and many different methods of extracting, processing and selling them. On top of this, the political, administrative and socio-economic situation in production countries can make it difficult to trace raw materials, complicating the process of identifying and managing potential risks in the chain.

Taking action, individually and collectively

By cooperating under the agreement, every company, no matter how large or small or specialist, has the opportunity to gain a better understanding of its metal supply chains and to address the risks identified. The agreement makes it possible to take action both as an individual company and as part of a collective, something that requires the input of all those involved in the supply chain.



How does it work?

Risk management

The agreement covers the entire metals supply chain, from the extraction of raw materials to the recycling of secondary materials (scrap). Managing risk in the supply chain involves addressing the actual and potential adverse impacts that companies have on people and the environment. The aim is to prevent, mitigate and remediate these risks. But how does this approach work and what does the agreement do to support companies?

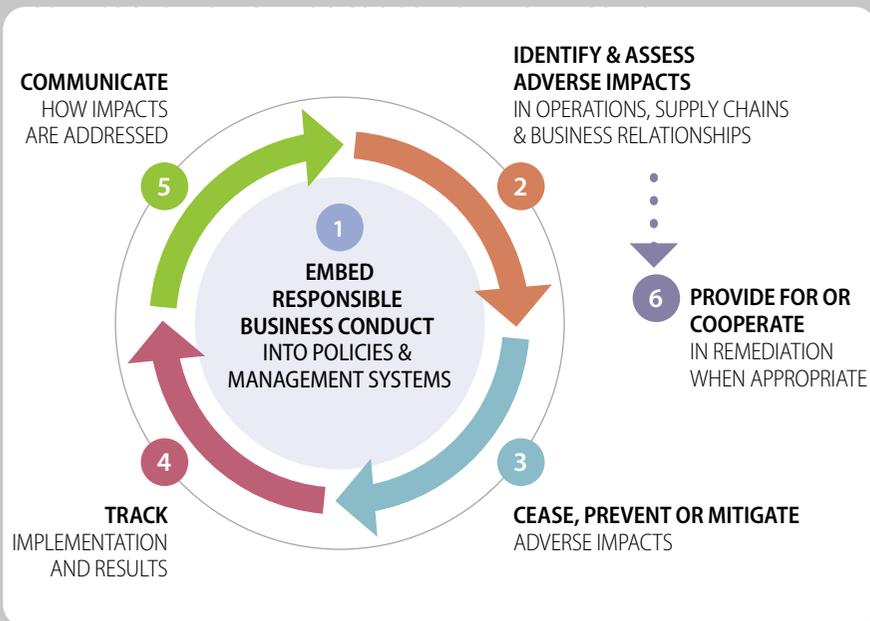
How can companies manage risk effectively?

The agreement is based on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. By concluding the agreement, the metals sector is preparing itself for the EU Conflict Minerals Regulation, which will enter into force in 2021.

Risk management is undertaken through a process known as due diligence. The process consists of six steps that must be repeated continuously (see Figure):

1. Embed RBC into policies and management systems
2. Identify and assess actual and potential adverse impacts
3. Cease, prevent and mitigate adverse impacts
4. Track implementation and results
5. Communicate how impacts are addressed
6. Provide for, or cooperate in remediation

Figure Due diligence under the OECD Guidelines



Source: OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct, p. 21

Companies that have signed the agreement commit themselves to this due diligence process. Due diligence is a continuous process and therefore requires constant attention. It is how companies actively promote improvements in the supply chain concerning environmental and human rights and biodiversity. They also respond actively and proactively to changes in national or international law involving due diligence and new risks.

Companies remain responsible at all times for performing due diligence properly. Industry organisations, NGOs, trade unions and the government support them in their efforts. Together, they can manage risk and boost the level of transparency in the metals supply chains.



“The Metals Agreement helps to flesh out the OECD Guidelines for businesses. By teaming up with NGOs, trade unions and government, we learn how to optimise the IRBC component of our business processes.”

Hans van den Berg, VNMII

How does the agreement support the parties?

Companies, industry associations, NGOs, trade unions and the Dutch government cooperate under the agreement. There is a steering committee that oversees its implementation, made up of representatives appointed by the participating parties. The chairperson is independent. The secretariat is hosted by the Social and Economic Council of the Netherlands (SER).

There are three working groups under the agreement that contribute to achieving its objectives. All participating organisations take part in one or more working groups. The three objectives are:

- To assist companies as they perform due diligence
- To build responsible supply chains for secondary materials (scrap)
- To develop and implement collective actions and scale up the agreement

Working group 1 **Due diligence**

The 'Due diligence' working group develops tools to assist companies with their due diligence process, for example tools to help them to collect data on and analyse international RBC risks in the supply chain. The secretariat compiles all individual due diligence information into a report on the collective, sector-specific risks that the parties will address as a group. Two collective projects are then selected based on this collective due diligence information. The first collective project will start in the second year of the agreement.

Working group 2 **Responsible secondary materials supply chains**

The 'Responsible secondary materials supply chain' working group is developing measures and tools to tackle problems in the secondary materials supply chain. Recycling is crucial to sustainability because it helps reduce the demand for primary raw materials. One of the objectives of the agreement is to make the secondary materials supply chain more transparent.

The first step is to map and analyse the supply channels for secondary materials. The second step is to approach relevant national and international collectors, dealers and processors of secondary materials. On the one hand, they can facilitate the due diligence process for participating companies that buy these materials. On the other hand, they too should be performing due diligence and that is why they are encouraged to join the agreement.

Working group 3 **Collective actions and upscaling**

The 'Collective actions and upscaling' working group has two main objectives:

- to develop and undertake collective actions for managing collective international RBC risks in the chain
- to encourage other relevant organisations to join the agreement with a view to leveraging their influence in the supply chain.

The process of developing collective actions starts with an analysis of the collective due diligence results. After the secretariat has compiled the individual due diligence information into a report on sector-specific international RBC risks, the parties draw up a collective due diligence action plan. The working group selects two collective risks for joint action.

The working group then develops tools and organises activities on these actions. This may take the form of specific projects linked to the supply chains of one or more companies, or general projects that make a positive contribution to human rights and the environment in the supply chain. It may also involve projects intended to raise awareness and increase leverage in the supply chain.

In addition, the working group seeks to expand the impact of the agreement both within and outside the Netherlands. The parties use their influence and their networks to persuade relevant organisations in the supply chain to join the agreement or to comply with the UN and OECD guidelines. The aim is to have 50 signatories in total to the agreement within five years (2019-2024).



How will it help?
The benefits at a glance

No company can manage the supply chain risks associated with human rights and environmental violations on its own. By uniting, the participants are taking a structural approach and working to resolve complex problems in the global supply chain.

Due diligence – i.e. the process of preventing, mitigating and remediating adverse impacts on people and the environment – takes considerable effort, but it is also beneficial for the participating companies, NGOs and trade unions.

Benefits for companies

- Positive contribution to society and progress towards achieving the UN's Sustainable Development Goals (SDGs).
- Better relationship with stakeholders.
- Better reputation as a sustainable organisation.
- More insight into markets and strategic sources of supply.
- Better management of company-specific and operational risks.
- Lower risk of incidents related to the OECD Guidelines.
- Improved compliance with statutory obligations regarding specific international RBC themes.
- More leverage in getting actors in the supply chain to address specific problems.
- Lower due diligence costs, for example because tools and instruments can be developed and made available collectively.
- Support by other parties, access to a network of relevant stakeholders and experts.
- Instrument for collaborating on systemic change in the supply chain to improve both the lives and livelihood of the people and their natural environment.

Benefits for NGOs and trade unions

- Access to participating companies and their networks in the supply chain, both domestic and international.
- Support when undertaking practical, site-specific responsible mining projects.
- Increased visibility and a louder voice for target groups, helping them to improve their situation in the supply chain.
- More leverage in the international supply chain to pursue impacts.
- Instrument for collaborating on systemic change in the supply chain to improve both the lives and livelihood of the people and their natural environment.

“CNV considers the metals sector agreement very important. We practise what we preach: achieving constructive solutions through social dialogue.”

Anneke Westerlaken, CNV





How can you take part?

Parties, supporting organisations and experts

Are you a company in the metals sector or are you an industry association, trade union or NGO involved in the metals supply chain? Then you are welcome to sign up to the international RBC Agreement for the Metals Sector and help us to build responsible metals supply chains.

Would you like to join?

- **As a signatory**
You take an active part in implementing the agreement. You have access to all the due diligence instruments. A representative of your organisation attends general assemblies and joins at least one working group. Companies are also expected to make an annual financial contribution. The Dutch government and the SER also contribute financially to the agreement's implementation.
- **As a supporting organisation**
You endorse the spirit, objectives and ambitions of the agreement and actively promote it on your website and in your network. You may contribute financially to specific activities organised under the agreement. You may also contribute in kind to collective activities. Supporting organisations do not take part in decision-making.
- **As an expert**
You are invited to share specific knowledge and expertise with the parties and supporting organisations, either as an individual or as an institution.

More information

Here you will find the text of the agreement as well as the Roadmap, a table outlining actions and the associated timelines. You will also find an up-to-date list of participants and the latest news.

Would you rather meet in person?

We would be happy to sit down with you.
Please e-mail or call the secretariat for an appointment:

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Signatories



Supporting organisations



Supported by **SER**