



THREE INSIGHTS

HOW DO WE CREATE A SUSTAINABLE AND ETHICAL SUPPLY CHAIN FOR DECARBONIZATION?

LESSONS FROM MINING

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We would like to thank the following lead discussants and members of the Business Fights Poverty community for their participation:

Natascha Viljoen, CEO, **Anglo American Platinum**; **Jane Nelson**, Director, Corporate Responsibility Initiative, **Harvard Kennedy School**; **Michelle Smith**, Director of Standards and Assurance, **Initiative for Responsible Mining Assurance (IRMA)**; **Chris Coulter**, CEO, **Globescan** (Moderator)

Hosted with **Anglo American**

Mining companies, including Anglo American, have committed themselves to ambitious carbon reduction targets across their operations. At the same time, critical minerals will play a key role in achieving the transition to a greener, low-carbon economy—be it lithium for electrification of vehicles or platinum required in the development of solar technologies. This session focused on how to ensure that critical value chains, including mining, decarbonise in a sustainable, equitable, and inclusive way.

Participants highlighted the potential economic opportunities the transition offers but also the need for increased transparency and stakeholder engagement with communities to ensure the burdens and benefits are shared fairly. The session showed how comprehensive and independent audit processes, such as the IRMA Standard for Sustainable Mining, can provide more genuine reassurance for those customers buying minerals than ESG reporting alone.

INSIGHT 1: IT IS POSSIBLE TO DELIVER RIGOROUS SUSTAINABILITY ASSESSMENTS EVEN IN COUNTRIES THAT ARE POLITICALLY AND ECONOMICALLY HIGH RISK

Many of the world's critical minerals, including those needed for decarbonisation, are located in high-risk, low-income countries where

populations are already disproportionately impacted by climate change. Panellists agreed that this gives further impetus to ensure that risk assessments include local populations and that they ultimately feel the benefits. As moderator Chris Coulter

How do we decarbonize critical value chains that are absolutely essential to improving people's lives—and particularly, primary commodity value chains, minerals, metals, food, and energy—in a way that meets [society's] needs, and is also more inclusive and ethical?

Jane Nelson, Director, Corporate Responsibility Initiative, Harvard Kennedy School

For the last 100 years, our economy was based on fossil fuels. Now we are shifting to something that's very different, and that means new supply chains, new industrial opportunities that we can use to enrich economic development.

Natascha Viljoen, CEO, Anglo American Platinum

summarised, **“the Global South is where the need is most acute from a poverty and dignity perspective—it's where the richness of biodiversity exists, which allows us to survive through this transition, and it's also where the future demographic profile of the human species will be.”**

The discussion focused on the challenges of undertaking sustainability assessments in complex contexts. Anglo outlined their experience at the Unki Platinum Mine in Zimbabwe, where they have, for the first time, been independently audited against the IRMA Responsible Mining Standard. The exercise in transparency has improved connections with local stakeholders and built trust amongst consumers of their minerals—many of whom increasingly need to be able to prove they have sourced responsibly from high-risk countries. As Natascha Viljoen said, **“I think it goes to show that independent of jurisdiction and country risk, with the right operating model and the right values, you can ensure a sustainable value chain and we do see the benefits of it.”**

INSIGHT 2: THE IMPERATIVE TO MEET NET ZERO TARGETS PRESENTS AN OPPORTUNITY FOR NEW PARTNERSHIPS FOR SOCIAL IMPACT ALONG THE WHOLE VALUE CHAIN

Panellists described how the Race to Net Zero and the urgency of the climate crisis requires a recognition of the interdependencies between sectors and a collective commitment to purposeful innovation. Without this, there is a danger that decarbonization will increase social and environmental inequity across the

value chain. On the flip side, the transition offers the ‘opportunity of a lifetime’ to bring retailers, manufacturers, and suppliers of primary commodities together. As explained by **Jane Nelson**, there are three spheres of influence companies have. First, they can address these challenges through their core operations and capital allocation at the site level. Second, they can act along the value chain, working with suppliers and consumers of their minerals. And third, they can influence the broader ecosystem, whether at the national or global levels, to be part of a constructive conversation with governments and other actors.

Furthermore, Natascha Viljoen emphasised the need to look at value chains critically and avoid binary conversations on decarbonisation. For example, if all the focus is centred on producing the minerals currently needed for the transition, such as batteries for electrification, then other opportunities could be missed, e.g. the hydrogen economy. In Natascha's words, **“we need to recognize that [the energy transition] needs all of the perspectives and all of the resources that we have available.”** She also gave examples of how Anglo American is innovating with other sectors for a greener and healthier future, including trialling a mineral that could keep food fresh for longer by reducing the hormones that enhance food ripening, and also developing low-loss computers and fibreglass for wind turbines.

INSIGHT 3: TRANSPARENCY, ACCOUNTABILITY, AND GENUINE BENEFIT-SHARING ARE NEEDED TO OVERCOME DEFICITS OF TRUST

The mining industry has a history of negative legacies. Historically, countries in the global south have borne the cost of development—e.g. the impacts of mining on local communities and environment—without getting an equitable share of the benefit, which is mainly felt in the global north. This creates a trust deficit which arguably stands in the way of being able to play a more rapid role in an equitable energy transition. Panellists discussed two necessary approaches to resolve the challenge: independent audits and a recognition that mistakes of the past cannot be repeated. Rather, mining communities

must be at the forefront of and benefit from the growth in transition mineral mining.

As contended by **Michelle Smith**, “transparency really is driving an opportunity to understand what’s happening and create the opportunity for partnerships [...] between mines and their purchasers and their communities to understand what’s most important.” The IRMA standard, explained Michelle, allows for honest conversations about relative value and harms from mining activities, entailing a process that works independently of the mine operator and asks for feedback from different voices across

the industry—e.g., local communities, long-term workers, and female workers. Such transparency promotes effectiveness and fairness while involving those most impacted in a discussion around how they can benefit from the mining that’s happening.

Confirming this need, Richard Morgan from Anglo commented from the breakout room that companies must “make sure that both [their] partnerships are deliberate and targeted, but also [that their] audits are, so that they get to the real issues they may have been unaware of.”

RESOURCES SHARED:

- **REPORT:** [Anglo American’s Unki Mine Assessment](#)
- **REPORT:** [Anglo American ESG Performance](#)
- **REPORT:** [Business Fights Poverty and ICMC report on Mining as a partner for more inclusive and resilient societies](#)
- **WEBSITE:** [IRMA Standards and Assurance](#)
- **WEBSITE:** [Harvard Kennedy School Corporate Responsibility Initiative](#)
- **WEBSITE:** [GlobeScan](#) on brand purpose, sustainability/ESG, and trust