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Presentation and discussion of the research «International standards and practices of responsible sourcing in metals industry»

July, 5th, 2021 11:00 MSK

Association of European Businesses, Moscow, Butyrsky val, 68/70, bldg.1 or via ZOOM

Participant’s registration: https://us02web.zoom.us/webinar/register/WN_6Lpta0a_QI-xN1vchXVrZA

<p>Background and rationale</p>	<p>Russian mining and metals companies participate in the global supply chains for chemical, automobile, construction, electronical and many other industries, as well as consume metals and raw materials extracted in Russia and abroad.</p> <p>In the face of growing public awareness and legal obligations, companies have come to recognize their responsibility in managing risks along their supply chains. Failure to identify sustainability issues in supply chains can pose a risk for companies and for that reason transparency and accountability are increasingly prioritized.</p> <p>Notwithstanding the risks, many companies are still in the early stages of developing the tools and practices needed to identify and manage these issues.</p> <p>During the last 15 years many countries, global organizations and companies have introduced the policies to monitor and manage supply chains from the origins of raw materials to the distribution of the products. There are a growing number of regulations that require businesses to take their supply chains into account ranging from the high-level aspirations of the Paris Agreement on climate change and the Sustainable Development Goals (SDGs) to the OECD Responsible Business Conduct, the European Commission’s Directive on Non-Financial Reporting, the UK’s Modern Slavery Act as well as the listing requirements on several stock exchanges.</p> <p>While the environmental issues and climate agenda have become the priorities for many international processes, the European Green Deal gains the particular attention of businesses. The initiative may result in decreasing the export to EU from the countries with no carbon management policies, which highly affects the mining and metals industry in Russia.</p> <p>The research prepared by SKOLKOVO Moscow School of Management as a part of the joint WWF-Russia and EU project «People for Nature» aims at identifying the modern trends for building sustainable supply chains in mining and metals industries, analyzing the best practices of Russian companies, and proposing recommendations for engaging standards and improving the efficiency of supply chains to meet the requirements of global market.</p>
<p>Meeting objectives</p>	<ol style="list-style-type: none"> (1) Present the Report to the industry leaders. (2) Initiate the discussion on efforts to meet European Green Deal requirements and other international requirements.

	(3) Initiate the discussion on the best practices of Russian companies with their representatives, promote sharing the practices within the industry
Agenda	<p>11:00 -11:15 - Welcoming address from WWF-Russia / Ekaterina Khmeleva, director of Green Economy and regulations, EU Delegation to Russia / Laurent Bardon, Head of Trade and Economy section and AEB / Tadzio Schilling, CEO, Association of European Businesses.</p> <p><u>Part 1. Context</u></p> <p>11:15-11:30 - EU perspective on the issue / Mikhail Babenko, director of “Green Economy Program”, WWF Russia, Tadzio Schilling, CEO, Association of European Businesses</p> <p>11:30-12:00 – “Major tendencies in building supply chains for Mining and Metals” + Q&A session / Alexey Kalinin, Head of institute for developing markets research, SKOLKOVO Moscow School of Management</p> <p>12:00-12:10 - Q&A session / comments from the participants</p> <p>12:10-12:30 – Coffee break</p> <p><u>Part 2. Best practices of companies on creating sustainable supply chains</u></p> <p>12:30-13:00 - Discussion and opinions: Company-leaders of the industry, experts, Russian and EU CSOs</p> <p>13:00-13:20 - Analysis of the biodiversity conservation programs of mining&metals companies / Ludmila Ametistova, senior coordinator of “Green economy” programs, WWF-Russia</p> <p>13:20-13:40 – Conclusions and recommendations on building sustainable supply chains / Alexey Kalinin, Head of institute for developing markets research, SKOLKOVO</p> <p>13:40-13:50 – Q&A, closing word</p>
Organizing partners	<ol style="list-style-type: none"> 1. WWF-Russia 2. EU Delegation to Russia 3. SKOLKOVO Moscow School of Management 4. Association of European Business
List of participants	<ol style="list-style-type: none"> 1. Representatives of Mining and Metal industry 2. Representatives of CSOs and NGOs engaged in public monitoring of the mining and metals industry 3. Experts, think tanks and researchers 4. EU Representatives

<p>Brief research summary</p>	<p>To build a system of sustainable supply chains, it is important first of all to define goals, build processes within the company and then move on to direct work with suppliers.</p> <p>According to the study, the goals can vary significantly — some of them are more complex (increasing the overall performance of the company along the entire value chain) or more tactically inclined (improving ESG ratings or securing loans tied to ESG indicators, which often include issues of responsible supply). Comparisons with other companies in the industry, recommendations from international initiatives, and close interaction with external experts and consulting companies can be used to set goals. This stage can take 2 to 6 months.</p> <p>Once the goals are finalized, it is recommended to highlight the priority areas of activity for building up an internal system within the company. This process may include the creation of a centralized procurement system, the introduction of categorical procurement management, and automation for improving the operational collection and analysis of data. At the same time, constant and close cross-department cooperation within the companies is crucial: procurement, manufacturing, labor protection, industrial safety, and information security must work together. Automation also plays an important role in this process: it allows the company to receive the necessary information quickly and provide timely feedback while creating a corrective action plan. The second stage may take up 12 to 36 months.</p> <p>A closer examination of the relationships with the company's suppliers is only sensible if all processes within the company are clear-cut and logically laid out.</p> <p>When introducing changes to the relationships with suppliers, it is recommended to roll them out in phases: highlighting the largest, critical, and/or risky groups of suppliers, revising the requirements for their selection and performance assessment, including a wider range of indicators in the field of sustainable development such as compliance with regulations governing business ethics, anti-corruption measures and compliance with a set of requirements in the field of industrial and environmental safety. Pre-qualification survey forms, regular performance assessments, and periodic audits can be useful for achieving these goals. At the same time, effective and direct communication with suppliers is very important. Direct communication should facilitate building partnerships and mutually beneficial relationships; continuous feedback both from the company to suppliers and from suppliers to company representatives serves the same purpose.</p> <p>According to the study, reducing harmful emissions, including CO₂ emissions, is an important milestone for all Russian companies. All companies noted the importance of achieving goals in environmental neutrality. They have also highlighted the importance of Scope 3 assessment and monitoring.</p>