



Federal Ministry
of Labour and Social Affairs

SECTOR DIALOGUE
Energy Industry



Managing procurement responsibly

Principles for the responsible
procurement of aluminium-containing
cables

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Context and background

Energy Sector Dialogue

Respecting human rights is crucial to a sustainable supply of energy. In line with the UN Guiding Principles on Business and Human Rights, the German energy industry is committed to its responsibility to respect human rights and implement corporate due diligence wherever it does business. For this reason, companies, associations, trade unions, civil society organizations, the German Institute for Human Rights, and the Federal Ministry of Labour and Social Affairs (BMAS) have joined forces in a sector dialogue on respect for human rights along the global supply and value chains of the German energy industry. More information is available at: <https://www.csr-in-deutschland.de/EN>

This publication was developed and agreed upon in a multi-stakeholder format. It is intended to support decision-makers and those responsible for procurement, sustainability and compliance within Germany's energy sector to develop responsible procurement processes and practices for their individual context, as well as in supporting their implementation. Measures should be carried out in cooperation with the relevant functional departments and co-determination bodies.

The principles and measures outlined here can also be applied to companies in other sectors and the procurement of other product categories.

As members of the sector dialogue, we are working towards implementing the principles of responsible procurement of aluminium-containing cables.



Companies in the energy sector



Trade associations



Non-governmental organisations



German Institute for Human Rights



Goals of the publication



Spurring responsible procurement of cables containing aluminium in the energy sector.



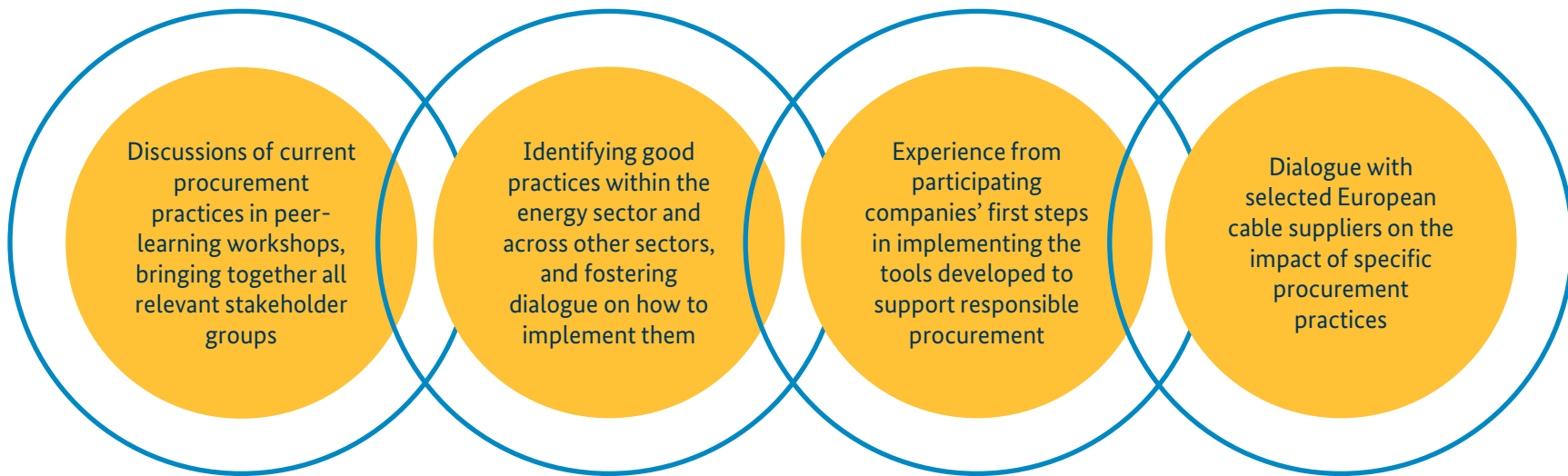
Contributing to the debate on how responsible procurement can address risks in the deeper supply chain, particularly in the extraction of minerals.



Sharing insights and experience from the sector dialogue with decision-makers in the energy sector and related sectors as well as other stakeholders.

Drafting of the publication

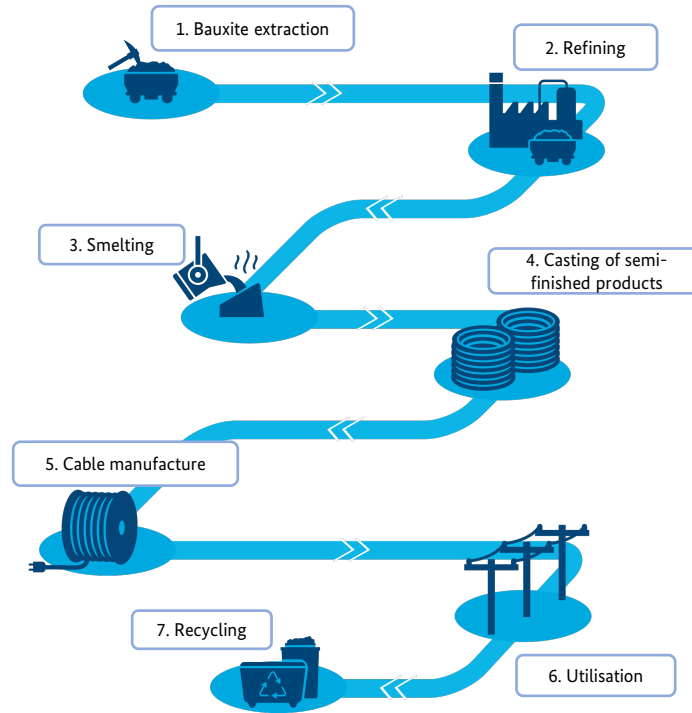
This publication is based on findings from various sources.





Aluminium in the energy sector

The value chain for aluminium-containing cables



Adapted based on: [Sector Dialogue Energy Industry, Potential human rights risks along the supply and value chains, 2023](#) and [WWF, Boom in raw materials: Between profits and losses: Germany's ecological footprint of steel and aluminium, 2018](#)

Salient human rights risks in the upstream aluminium supply chain (1/2)

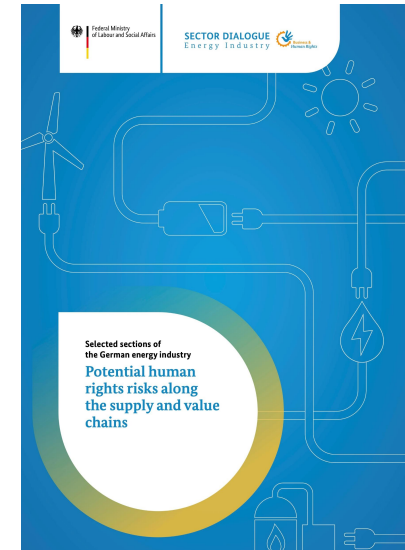
Severe human rights risks in the aluminium supply chain are found above all in the **extraction of bauxite**, the raw material for aluminium. As part of an in-depth internal analysis¹, adverse impacts were identified in Guinea, a major exporting country, in particular in the following areas:

- ▶ **Land rights and resettlement:** The acquisition of land for mining often leads to the forced resettlement of local communities. Many of those affected receive no compensation; where compensation is provided, it is often delayed and inadequate.
- ▶ **Environment and natural resources:** Mining often leads to soil damage and the improper disposal of bauxite residues, as well as heavy dust pollution caused by increased traffic. These environmental issues endanger the livelihoods of local people, for instance by reducing agricultural yields or depleting fish stocks.

¹ If you are interested in further information on the risk analysis carried out within the sector dialogue, please contact the secretariat of the sector dialogues (see imprint for contact details).

Salient human rights risks in the upstream aluminium supply chain (2/2)

- ▶ **Health and safety of local communities:** Mining activities can adversely affect the health and safety of local inhabitants - for example through noise, vibration, dust, and water pollution - not only near the mines but also along transport routes, disrupting community life and undermining social cohesion.
- ▶ **Workers' rights:** Bauxite mining is often associated with precarious working conditions, constraints on trade union rights, and inadequate workplace health and safety protections.



Aluminium in the energy sector

Depending on their business model, the member companies in the energy sector dialogue procure various **aluminium-containing components such as cables, frame constructions for solar power systems as well as cladding, generators and other components for wind turbines**. These components are essential to Germany's energy transition, enabling the replacement of fossil and nuclear power with renewable energy and supporting a more efficient energy supply.

As the energy transition advances, there is an increasing demand for the associated infrastructure and critical components - in particular cables, solar power systems and wind turbines - and thus the need for aluminium:

In 2022, the demand for the planned expansion of solar and wind power systems in Germany for the period up to 2030 was estimated at around 1.200.000 tonnes of aluminium.¹



¹ [DERA](#), 2022

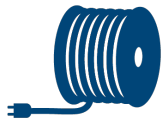
For aluminium power cables, demand in Europe is expected to increase by more than 30% by 2050 compared to the current estimate of around 300.000 tonnes per year. Aluminium is currently used as a conductor in 70% of power transmission cables and 90% of power distribution cables.²



² [Europacable](#), 2022.

Focus on aluminium-containing cables

Within the Energy Sector Dialogue, the initial focus was placed on responsible procurement of cables as product category.



- ▶ This product category is characterised by a large overlap of suppliers among the members of the sector dialogue. Furthermore, there are typically fewer tiers between the direct suppliers and the source of origin of the raw material than with other components.



- ▶ **Because the supply chain has comparatively fewer tiers, responsible procurement strategies and practices can serve as a powerful tool for strengthening due diligence processes further up the supply chain and effectively mitigating risks.** At the same time, the joint engagement with suppliers as part of the sector dialogue offers the opportunity to achieve a broader impact.

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Relevance of responsible procurement practices

Responsible procurement of aluminium-containing cables (1/3)

Definition of "Responsible Procurement":

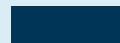
Procurement encompasses all activities, strategies and processes of a company aimed at securing the supply of goods and services from external sources.

Responsible procurement of aluminium-containing cables involves developing strategies, processes, and practices that promote respect for human rights in the upstream aluminium supply chain and reducing environmental risks, particularly in the extraction of bauxite.

Companies leverage their influence to promote positive changes in the aluminium supply chain in conjunction with suppliers, while concurrently avoiding practices that exacerbate human rights risks.



Effectively increasing and exercising leverage for positive change, e.g. through incentives, responsible contracting or partnerships based on shared responsibility ...



Avoiding practices that exacerbate risks, e.g. by applying price pressure, outsourcing of risks and responsibility ...

Responsible procurement of aluminium-containing cables (2/3)

Responsible procurement for effective risk prevention in supply chains

Responsible procurement creates a supportive environment for both direct and indirect suppliers to establish effective due diligence processes in the supply chain. Responsible procurement thus makes a decisive contribution to the prevention and mitigation of human rights and environmental risks in the supply chain. The extent to which companies can influence the supply chain and human rights and environmental risks in bauxite mining through their procurement activities **depends on various factors**, for example:

- ▶ The structure of the supply chain (e.g. the number of supply chain tiers after the extraction of raw materials)
- ▶ The business or procurement model (e.g. whether procurement is project-related or long-term supply relationships exist)
- ▶ The size of the contracting party and their market power in relation to suppliers
- ▶ The policy framework in mining countries (e.g. whether environmental and social standards are regulated by law and effectively enforced or the level of corruption risk)

Responsible procurement of aluminium-containing cables (3/3)

Jointly taking responsibility: Increasing influence through sector-wide initiatives

Against this background, the members of the Energy Sector Dialogue are working on the implementation of further measures in order to **increase their influence through joint action**. This includes targeted measures in mining countries and a joint dialogue with suppliers - with the aim of strengthening collaborative partnerships along the supply chain.

Multi-stakeholder initiatives such as the Energy Sector Dialogue show how companies can effectively tackle human rights and environmental risks in the upstream supply chains together with other stakeholders. Companies in the sector are invited to participate. Those in other related sectors can also benefit from the tried-and-tested approaches, using them as a model for their own efforts.

Financial implications of responsible procurement

It cannot be ruled out that some of the principles outlined in this publication will lead to higher procurement costs in the short term, this can pose a particular challenge in price-regulated markets. In the long term, however, these principles help reduce overall costs, ensure raw material availability and strengthen supply chain resilience.

Procurement practices that exacerbate risks in the upstream supply chains (1/3)

Based on feedback from suppliers regarding the procurement of cables, the sector dialogue has identified practices that impact suppliers' ability to address human rights and environmental risks effectively in the upstream supply chain. The below outlined procurement practices are common within the sector, but they do not necessarily apply to all members of the sector dialogue. They are described from the suppliers point-of-view.

Procurement practices	Explanation
Short-term increase in order volume	Suppliers to large energy providers report difficulties when order quantities for aluminium-containing cables change at short notice and without sufficient lead time. The biggest challenge then becomes procuring the raw material quickly. Due to the short lead times, this is often done via traders and upstream suppliers, who are associated with higher risks and cannot be audited sufficiently.

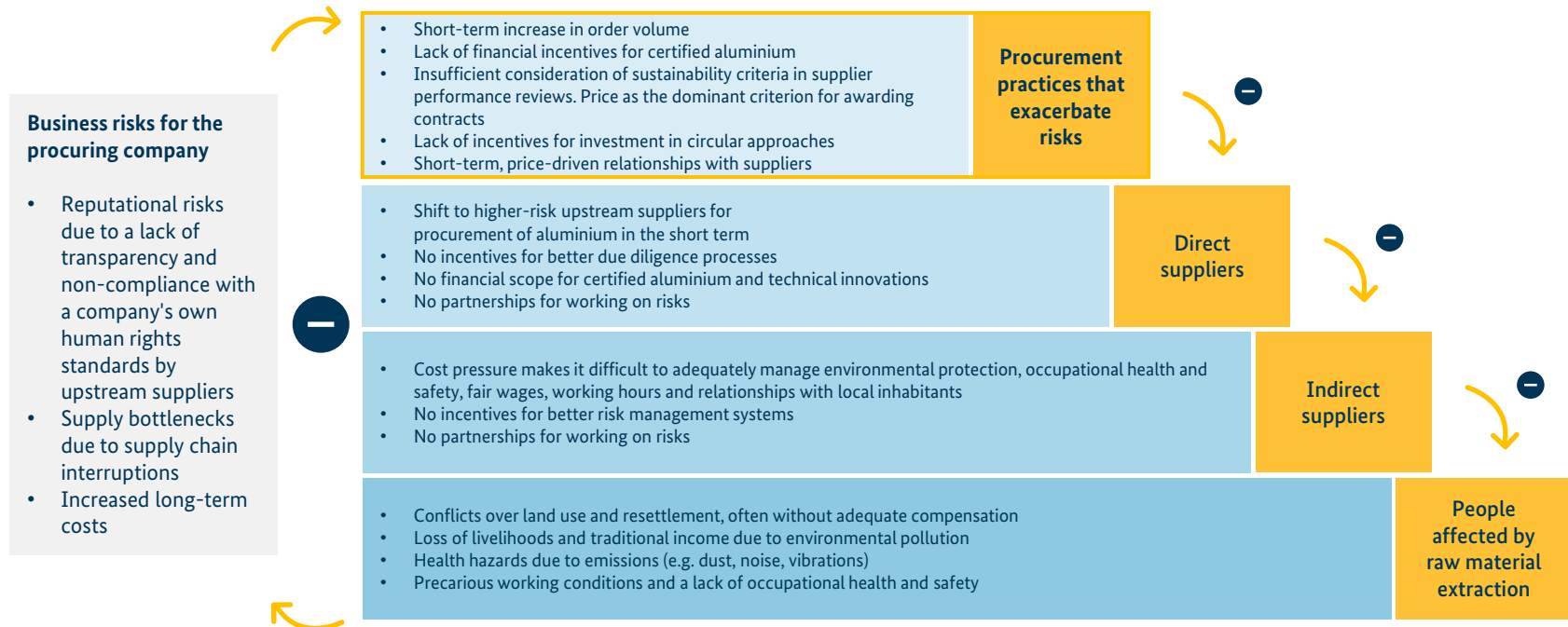
Procurement practices that exacerbate risks in the upstream supply chains (2/3)

Procurement practices	Explanation
Insufficient financial incentives for the use of certified raw materials according to voluntary sustainability standards	Although certified raw materials according to voluntary sustainability standards are available and have a certain market presence, many customers are reluctant to accept the additional costs involved. Consequently, suppliers are not incentivised to procure and use certified aluminium.
Achievements of progressive suppliers are not adequately taken into account when evaluating suppliers	Suppliers that invest in sustainable business practices often find it difficult to compete with suppliers without comparable standards if price is the main criterion when awarding contracts. This weakens the incentives for continuous improvement and investment in human rights due diligence processes.

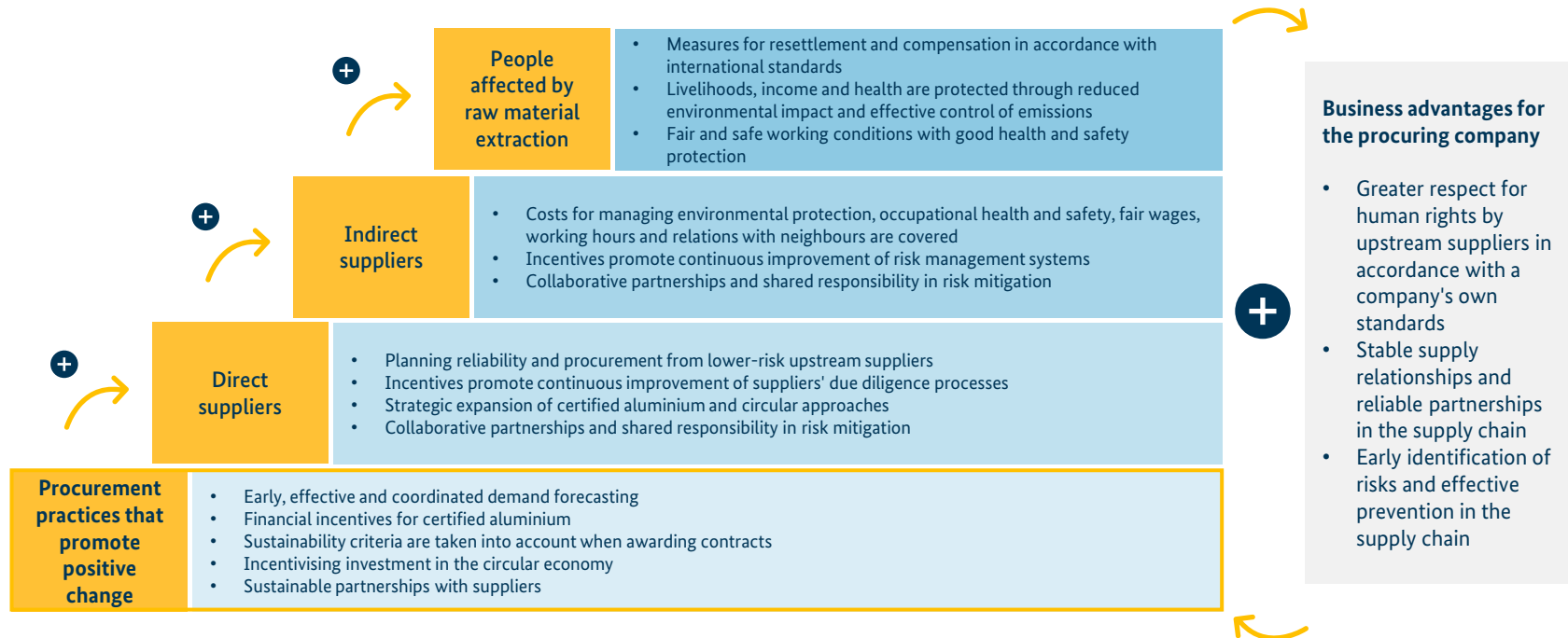
Procurement practices that exacerbate risks in the upstream supply chains (3/3)

Procurement practices	Explanation
Lack of incentives to invest in circular economy solutions	Opportunities to apply circular economy approaches and increase the share of recycled aluminium in cables have not yet been actively explored with suppliers through market analyses, nor systematically reflected in strategic sustainability objectives or procurement decisions. As a result, procuring companies provide few concrete incentives for suppliers to engage proactively and invest in circular solutions.
Price-driven, project-based competition makes it difficult to work on continuous improvement	In project-based scenarios, services are usually awarded on an individual, project-by-project basis rather than via long-term framework agreements. When awarding contracts, the focus is usually on the lowest bid price. This impedes the cooperation with suppliers on continuous improvement of human rights due diligence.

How procurement practices for aluminium-containing cables can affect human rights in the supply chain



How procurement practices for aluminium-containing cables can strengthen human rights in the supply chain



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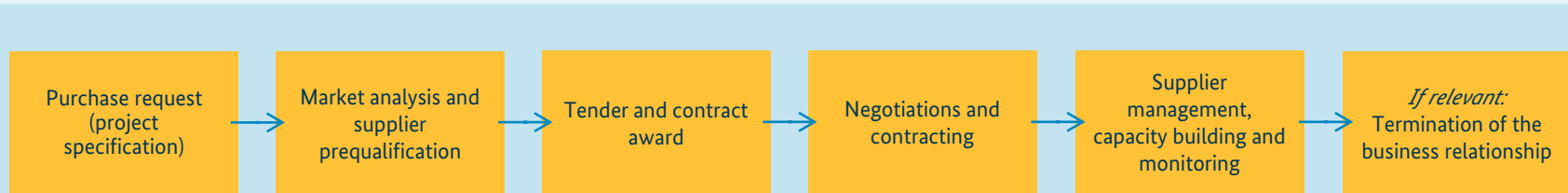
Principles of responsible procurement

Principles for responsible procurement of aluminium-containing cables

The ideal **procurement process** (see illustration) for aluminium-containing cables comprises various phases from the purchase request to the possible premature termination of the business relationship. These are embedded in overarching strategic guidelines and their implementation, for example through key performance indicators, incentives and internal training.

Principles for responsible procurement are presented below for each phase of the procurement process. The principles should be integrated into effective and appropriate human rights due diligence processes in accordance with [the OECD Guidelines for Due Diligence for Responsible Business Conduct](#).

Procurement and product group strategy, KPIs, incentives and internal training



Source: Adapted based on ETI Guide to Buying Responsibly (2017), Common Framework for Responsible Purchasing Practices (2022), research and discussion in the sector dialogue on the procurement of aluminium-containing cables

Principle 1: Strategic integration of responsible procurement

Phase: Procurement and product group strategy

The procurement strategy (product category strategy) includes SMART targets* for the procurement of components with high-risk raw materials, in particular bauxite and aluminium. The strategic objectives are established through clearly defined internal responsibilities. Targeted training is provided in the relevant departments. Implementation is continuous and is consistently followed up on to ensure sustained delivery.



Why are strategic goals important?



- They enable a holistic approach to supplier management.
- They promote targeted, effective initiatives with measurable benefits instead of uncoordinated individual measures.
- They create clarity and orientation, both internally and externally towards suppliers and other stakeholders.
- They provide a guideline for change processes and encourage continuous improvement.
- They promote *accountability* and support to utilise budgets and capacities in a targeted manner.

Guidance for implementation



Companies can set themselves the following strategic goals:

- Integration of criteria for dealing with risks in the upstream supply chain in tenders (example SMART: *By year X, tenders for cables containing aluminium should contain at least Z% award criteria for dealing with risks in the lower tiers of the aluminium supply chain*).
- Preferentially awarding contracts to suppliers with a high degree of maturity or advanced due diligence processes in the aluminium supply chain (in compliance with competition law requirements).
- Strategic further development of the supplier portfolio with regard to due diligence processes in the upstream supply chain and targeted promotion of suppliers with a low level of maturity.
- Shifting to certified aluminium according to sustainability standards.
- Promotion of circular economy approaches and aluminium recycling.

*SMART stands for specific, measurable, achievable, relevant and time-bound.

Principle 2: Targeted formulation of requirements through early coordination



Phase: Procurement and product group strategy

When formulating requirements, a structured exchange between the relevant departments and procurement ensures that market and supplier information is taken into account at an early stage, thereby avoiding subsequent changes to the order volume.



Why is early coordination and targeted formulation of requirements important?

- Information obtained early on from market analyses and discussions with suppliers can help identify specific ways to improve circular economy approaches and increase aluminium recycling.
- Structured communication between the relevant department and procurement enables joint *forecasting* based on lessons learnt, allowing the possible effects of short-term adjustments to order volumes on suppliers to be addressed at an early stage. This helps to avoid short-term bottlenecks and reduce the risk of having to procure aluminium from risky suppliers.



Guidance for implementation

The following measures can support the implementation of this principle:

- Set up a regular exchange between the relevant department and procurement.
- Define a metric for measuring subsequent changes in order volume.
- Working with suppliers in a spirit of partnership to jointly define acceptable and operationally manageable order volume fluctuations.

Principle 3: Systematic preselection of suppliers



Phase: Market analysis and supplier prequalification

Information on aluminium procurement by potential suppliers should be systematically collected as part of market analysis. Suppliers should be selected in advance on the basis of these findings and defined requirements regarding the maturity of their human rights due diligence processes.*



Why is systematic preselection of suppliers important?

- Collecting information on the traceability and transparency of aluminium sourcing as part of market analysis helps companies identify human rights risks early.
- Defining the required level of maturity for suppliers early in the selection process ensures that only those who take their human rights due diligence obligations seriously and actively implement them are given consideration.
- Where no supplier meets the minimum maturity threshold, companies can focus on targeted, jointly agreed improvement measures as part of the ongoing relationship.



Guidance for implementation

Within the Energy Sector Dialogue, a practice-oriented toolbox was developed that enables companies to gather targeted information on suppliers' implementation of human rights due diligence processes and to evaluate it systematically against a maturity model.

If you are interested, please contact the secretariat of the sector dialogues for further information (see imprint for contact details).

**Public procurement:* Human rights due diligence requirements must always be linked to the subject matter of the contract. How they are to be incorporated into the tender procedure should be determined on a case-by-case basis, for example as a suitability criterion in the preselection phase or as an award criterion (see Principle 4). Further guidelines on implementation in compliance with public procurement law can be found [here](#).

Principle 4: Consideration of the maturity level of suppliers when awarding contracts



Phase: Tender and contract award

When making award decisions, consideration should be given to the maturity of suppliers' due diligence processes, particularly with regard to their handling of risks in the aluminium upstream supply chain. These aspects, along with other criteria, have a substantial impact on the decision-making process. Depending on the level of maturity, measures for the term of the contract are defined in a collaborative process with suppliers to specifically address risks in the upstream supply chain, in the spirit of shared responsibility.



Why is it important to take the maturity level into account?

- Factoring human rights due diligence into procurement decisions makes it a standard part of commercial decision-making and creates targeted incentives for suppliers to align their processes accordingly.
- Conducting an early assessment of suppliers' due diligence processes helps to avoid human rights risks and potential damage to the company's reputation.
- Adopting a partnership-based approach means addressing risks in a spirit of shared responsibility, rather than passing them on to suppliers. This fosters long-term relationships with suppliers who are willing to enhance their capabilities and play an active role in the responsible organisation of the supply chain.

Guidance for implementation

See previous box: The toolbox developed by the Energy Sector Dialogue offers both sound guidance on defining selection criteria in the tendering process, as well as support in creating an overarching supplier profile to structure the entire procurement process.

If you are interested, please contact the secretariat of the sector dialogues for further information (see imprint for contact details).

**Public procurement:* Human rights due diligence requirements must always be linked to the subject matter of the contract. Further guidelines on implementation in compliance with public procurement law can be found [here](#).



Principle 5: Responsible contracting



Phase: Negotiations and contracting

Both contracting party and direct suppliers must assume joint contractual responsibility for human rights and environmental standards in the upstream supply chain. They should both be contractually obligated to implement appropriate due diligence processes and responsible procurement practices to promote respect for human rights in the upstream supply chain.



Why is it important to draft contracts responsibly?

- Contracts form the basis for reliable business relationships and cooperative partnerships between buyers and suppliers. The commitment to shared responsibility promotes transparency, trust and continuous improvement.
- If contracts are drafted carefully, risks and costs, such as those arising from cancellations, storage charges, fluctuations in material prices or payment terms, can be fairly and transparently distributed.
- It is possible to define specific improvement measures and mechanisms for monitoring their implementation during contract negotiations based on the supplier's level of maturity. At the same time, processes can be defined for dealing with specific incidents and remedial action or redress.



Guidance for implementation

The Responsible Contracting Project (RCP) provides companies with [templates for contractual clauses](#) to integrate joint responsibility for human rights and environmental standards in supply chains. The templates include clauses obliging both contracting parties to take joint remedial action i.e. if the buyer's procurement practices are found to be having a negative impact on the supply chain. The templates are flexible and can be customised to meet specific needs.

Principle 6: Partnership-based cooperation in the supply chain



Phase: Supplier management, capacity building and monitoring

Continuous review of the maturity level of suppliers and their implementation of due diligence processes should be an ongoing part of business relationships. Suppliers with less mature due diligence processes should receive support to help them improve these processes in the form of financial assistance and capacity-building measures.



Why is cooperation in the supply chain important?

- Continuously reviewing the maturity level and due diligence processes of suppliers ensures that agreed requirements are consistently met and improved upon. Supporting suppliers with a low maturity level helps them to gradually improve their due diligence processes.
- Collaborative partnerships strengthen the joint influence on upstream suppliers, enabling concrete progress to be made in the upstream supply chain. At the same time, both parties can invest together in circular economy approaches and improving aluminium recycling.
- Incentives such as higher order volumes, long-term contracts or improved payment terms can be used in a targeted manner to promote the implementation of due diligence processes by suppliers.



Guidance for implementation

Strategic goals for the further development of the supplier portfolio with regard to due diligence processes in the upstream supply chain should be monitored and measured through suitable KPIs. (Examples of KPIs include: *a certain percentage of the portfolio shows a significant improvement in maturity level by a certain year; implementation of a certain number of cooperation projects with suppliers with advanced maturity level*)

Supplier performance reviews can be used to jointly reflect on progress in the implementation of due diligence processes, make adjustments and define new targets.

Principle 7: Responsible exit from business relationships



Phase: premature termination of the business relationship

The premature termination of a business relationship due to negative human rights impacts in upstream supply chains should only be considered as a last resort, for example if remedial measures have failed or are not feasible, or if particularly serious violations have occurred. If termination does occur, including for commercial reasons, it should be handled responsibly.



Why is it important to withdraw responsibly?

- A company's procurement practices may contribute to human rights impacts in its supply chain. In such cases, buyers are obliged to take remedial action with their suppliers and, if necessary, provide redress.
- Due diligence obligations also apply when a business relationship is terminated, as this can create new risks for those affected. To ensure a responsible exit, these risks should be identified early on and, if necessary, prevented or mitigated through suitable transitional measures.
- Terminating a business relationship does not necessarily end human rights impacts, so priority should be given to empowering the supplier.

Guidance for implementation



Internal guidelines can be instrumental in ensuring that a withdrawal is conducted responsibly, whether for human rights or commercial reasons. These guidelines should clearly define the process, responsibilities and measures to be taken before, during and after a withdrawal. A supplementary checklist can assist with practical implementation. As a rule, the advance notice period granted to the supplier should be proportional to the supplier's own share of the order in relation to its total capacity.

Even after the termination of a business relationship, due diligence obligations continue to apply if negative effects occur to which the procuring company contributed in the context of the previous business relationship.

First steps towards implementation

Lessons learnt from the sector dialogue

A step-by-step approach for implementing the principles was developed within the Energy Sector Dialogue. This approach was supported by tools developed for the members of the dialogue. The following overview shows the individual steps, the desired results, and the associated instruments. If you are interested in the instruments or in joining the sector dialogue, the secretariat of the sector dialogues will provide further information (see the imprint for contact information).

Step	Result	Approach	Supporting instrument
1. Create an overview of the procurement process and procurement practices	Complete overview of all phases of the procurement process, including applicable internal guidelines, procurement practices and responsibilities	• Systematically record and document phases of the procurement process as well as applicable internal guidelines, practices and responsibilities with the involvement of relevant departments • Initiate a cross-departmental process	"Mapping tool" for mapping companies' procurement processes and the underlying practices
2. Recognising links between procurement practices and risks	Identification of links between risks in lower-tier supply chains and companies' own practices; outline of initial measures to improve the entire procurement process.	• Derive hypotheses about the connection between risks and companies' practices with the involvement of relevant departments • Check plausibility with feedback from suppliers and, if necessary, other stakeholders	"Supplier engagement" tool for evaluating and further developing companies' procurement practices
3. Develop and implement a customised action plan	Increased internal and external awareness of the role of responsible procurement practices; implementation of effective measures with a partnership-based approach	• Cross-departmental forum for collating and analysing results • Develop an action plan with defined responsibilities, realistic time frames, milestones and regular reviews and further improvement	"Toolbox" for developing a supplier profile including maturity level assessment



Further information

Further information and resources



Existing guidelines and frameworks from **other sectors** were considered in the preparation of this publication:

- Ethical Trading Initiative, [Guide to Buying Responsibly](#) (2017)
- [Common Framework for Responsible Purchasing Practices](#) (2022)
- [Purchasing Practices HRDD Framework for the Garment and Footwear Industry](#) (2025)
- Electronicswatch, [Guidance for Public Buyers](#) (Website, 2025)



The following **additional resources** can support the implementation:

- Partnership for Sustainable Textiles, [Guidance Responsible Exit](#) (2021)
- Ethical Trading Initiative, [Responsible Purchasing Practices Resource Hub](#) (2025)
- UN Global Compact, [Decent Work Toolkit for Sustainable Procurement](#) (2025)

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