Responsible ASM Cobalt

Systematic ASM Formalization in DRC, support for the Trafigura-EGC commercial agreement
About Pact

Founded in 1971, Pact is an international development nonprofit that works with communities challenged by poverty and marginalization in nearly 40 countries. We partner with local organizations, business and governments to build lasting solutions for thriving, resilient communities. Pact’s employees—many of them local nationals working in their own communities—strive for a world where everyone owns their future.

Pact employs local teams of expert project managers and partner with experienced local organizations, institutions and networks. We are a recognized leader in integrated development. Our approach combines interventions in purposeful ways to address development challenges holistically, always tailored to local needs, and focuses on systemic change to build an environment for lasting success.
ASM and the UN Sustainable Development Goals (SDGs)

Informal ASM has many risks and can negative impacts on the majority of the UN SDGs, and particularly those concerned with human health (SDGs 3 and 6), environment (13, 14 and 15), nutrition (2), social development (4, 5 and to some degree, 10), decent work (8), cleaner production (12), and peace, justice and governance (16).

However, formalization can help mitigate many of ASM’s negative impacts and amplify its positive impacts on the UN SDGs.*

Pact’s Mines to Market

For over 15 years Pact has assisted mining-dependent communities to gain lasting benefits from the mineral sector.

Pact uses an integrated, holistic approach to bring together government, industry and miners themselves to make artisanal and small-scale mining (ASM) formal, safer and more productive. We are currently undertaking mining projects in 13 countries around the world, 12 of which are in Africa. Our portfolio encompasses a variety of different mineral supply chains including tin, tantalum, tungsten, gold, copper, cobalt, coal, gemstones and development materials. We currently work directly with over 100,000 miners in over 2,000 mining sites worldwide, making us the leading NGO working at scale in the ASM sector. Pact brings a pragmatic, market-based approach to designing and delivering sustainable solutions to challenges in the ASM sector.
Pact has a long history of operating in the DRC, with significant experience in health and safety in mining, human rights, traceability, due diligence, economic empowerment among miners, child labor reduction, traceability and ethical sourcing.

One such example was leading the design and implementation of the Mutoshi Pilot Project that supported a unique collaboration between concession-holders Chemaf, commodity trader Trafigura and the ASM cooperative COMIAKOL. Participating members of COMIAKOL received a comprehensive package of assistance to increase their productive capacity and improve their working conditions.

Chemaf and Trafigura benefited from increased production and an enhanced relationship with communities that were previously encroaching on the concession, while over 2,000 artisanal miners who worked at the site received a stable income under professional working conditions having multiple positive social and economic impacts, including a significant improvement in the site's safety performance and their reaching 6-million-man hours over nearly 2 years without a fatality or lost time incident.
Trafigura’s agreement with EGC

Trafigura to fund the creation of strictly controlled artisanal mining zones, the installation of ore purchasing stations and costs related to the transparent and traceable delivery of cobalt hydroxide to Trafigura on an export cleared basis.

EGC to ensure that the ore purchased by Trafigura complies the EGC Responsible Sourcing Standard, which aligns with DRC law, the DRC mining regulations as well as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Pact will be responsible for widespread training and monitoring the implementation of these standards on the ground, developing robust stakeholder engagement forums, providing technical assistance to mitigate traceability, health, safety, environment, and community risks while maintaining a permanent presence on operating sites and supporting continuous improvement of conditions for miners, ASM Cooperatives, government and other key stakeholders.

In partnership with other relevant stakeholders, including governments, industry, local organizations, other NGOs and multilaterals, and artisanal miners themselves.
For this project, the EGC Responsible Sourcing Standard’ (“EGC Standards”) have been developed and approved by the EGC Technical Committee.

The Standards are intended to align with and respect DRC law, the DRC mining regulations as well as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas which is already incorporated in the DRC mining regulations.

These standards:

• will be updated on an ongoing basis
• apply to all sites overseen by EGC
• are designed to go beyond regulatory compliance

Detailed information available on Trafigura’s website: https://www.trafigura.com/responsibility/responsible-sourcing/egc-responsible-sourcing-standard/
**DRC Regulatory Framework**
(e.g. MINING CODE / ARECOMS / SAEMAPE / CEEC / EITI)

**EGC Responsible Sourcing Standard**

**Regulatory oversight**

**Ongoing site operations**
(EGC + contractors)

**Risk reporting**
(For Technical Committee)
(EGC + contractors)

**Ongoing site operations**
(EGC + contractors)

**Bi-monthly monitoring reports**
(For Technical Committee)
(Pact)

**Bi-annual risk assessment monitoring reports**
(For Technical Committee)
(Pact)

**Quarterly assessments**
(KUMI)

**Blockchain production monitoring, evaluation & reporting**
For Technical Committee & Downstream customers (Cooperative / Pact / Blockchain provider)

**Pre-operations socio-economic assessment**
(For public review)

**Annual socio-economic assessment reports**
(For public review)

**STAKEHOLDER ENGAGEMENT**

**Annual EGC EITI Report**
(For public review)

**Annual EGC OECD ‘Step 5’ Report**
(For public review)

**Annual Pact Project Performance Report**
(For Technical Committee)

**Quarterly KUMI report**
(For Technical Committee)

**Quarterly KUMI report**
(SUMMARY)
(For Downstream customers)

**Annual Trafigura OECD ‘Step 5’ Report**
(For public review)

**Annual Trafigura EITI Report**
(For public review)
How will Pact help communities gain lasting benefits from this agreement?

- ASM workers will be safer and experience more equitable and lucrative working conditions with reduced human rights abuses;
- We will support the development of a community investment strategy that addresses local high-priority needs and builds local capacity to support sustainable economic development and diversification as well as work towards the elimination of child labor;
- All project partners will prioritize local hiring for temporary and permanent positions, providing opportunities for training and advancement;
- All project partners will give preference to local suppliers and contractors across a range of services, including construction, logistics, mine contracts and technical expertise;
- Through support for the implementation of traceability and anti-corruption programming, the governments can increase tax revenue from mining to pay for vital social services and public infrastructure
How will Pact support the implementation of this agreement?

1. Project Design and Start up
2. Traceability support
3. Training, Monitoring & Reporting
4. Stakeholder & Government Engagement
5. Continuous Learning & Expansion
1. Project Design and Start Up

Pact will play an active role in the design, planning and initial start up to implement this agreement, including:

- **Project Inception Phase** – program planning to establish the foundation for a close and strong collaboration with all project partners.

- **Stakeholder Engagement** – engaging with local civil society organizations to promote dialogue from day 1; support initial kickoff events, international stakeholder engagement and media engagement.

- **Government Engagement** – Close collaboration with EGC, ministries and support services at local, provincial and national level.
2. Traceability Support

Pact will **lead discussions** with relevant stakeholders to prepare the grounds for the roll-out of the traceability solution using **Blockchain** employed by project partners and ensure their **future buy-in**.

- To that end, Pact will organize and facilitate **consultation meetings** with stakeholders and project partners to have a common understanding of the project’s traceability component as well as the role of EGC, state technical services (primarily SAEMAPE, Mine Division, CEEC, ARECOMS).

- Pact will coordinate the **official launch of tagging of responsibly sourced cobalt** at the selected site with relevant stakeholders and authorities: this will symbolically represent the start of Trafigura purchasing minerals through their commercial agreement with EGC.
3. Training, monitoring and reporting: the core of Pact activities

Pact’s main interventions are twofold:

1. **Training of all relevant stakeholders** on all topics related to, and included in, the EGC Responsible Sourcing Standard

2. **Ongoing monitoring of mining activities** at the selected site(s)

The list of stakeholders benefitting from all trainings will be agreed upon with project partners through the EGC Technical Committee. They will include representatives from government, state services, security forces, mining cooperatives, CSOs, and project partners themselves, at the local, provincial and national level.

In the following slide, training beneficiaries will be referred to as ‘stakeholders’.
3.1 Training

Pact will develop/adapt all training materials for implementation staff, project stakeholders, state services and partners.

• **Initial training** for stakeholders to ensure shared understanding of **EGC Responsible Sourcing Standards**.

• **Training of Trainers** to build capacity among miners, cooperative management, state services and other partners to train their colleagues and peers

• **Monthly training** for ASM cooperatives to build their capacity on a variety of technical, regulatory, and safety topics in line with the EGC Responsible Sourcing Standards.
  
  • Topics will include Occupational Health and Safety (OHS), due diligence, gender equality, traceability, risk assessment and mitigation, and incident reporting, among others.
  
  • These trainings will take place off and on site, targeting artisanal miners to help them improve their practices.
3.1 Training (cont.)

• Support training of stakeholders on the use of mobile data collection apps and devices to support the traceability system, in collaboration with the provider and the Service for Assistance and Supervision of Artisanal and Small-Scale Mining (SAEMAPE).

• Set-up and train a local stakeholder committee and its members on their roles and responsibilities with regards to the EGC Responsible Sourcing Standard, due diligence, and risk mitigation, including risks ‘outside the fence’, i.e., any possible risks that may occur around the selected site or involve people who are not directly involved in mining activities at the selected site, or risks that may occur along the transport routes.

• Pact will facilitate monthly meetings of this committee to review activities and discuss risks and their mitigation.

• Refresher training and post-training evaluation for stakeholders on the EGC Responsible Sourcing Standard and all related topics.
3.2 Monitoring, Evaluation and Reporting

• **Implement Monitoring & Evaluation tools.**

• **Socio-Economic Baseline Study:** Conducted by an independent researcher, the study will provide a current description of the working conditions and impact of mining at the selected sites.

• **Regular Reporting to project partners** including the EGC Technical Committee on:
  - Site risks and incidents at and around the project sites, including suggested **mitigation measures** to address those risks & incidents and achieve **continuous improvements**.
  - Relations with local mining communities, inc. grievances.
  - Investment needs.
3.2 Monitoring, Evaluation and Reporting (cont.)

At the selected project site(s), Pact will conduct ongoing monitoring for risk identification and to support their mitigation.

• 2 Pact Health, Safety and Environment (HSE) Officers and 1 Field Oversight Officer will be permanently based at the first selected site.*

• Pact will report any risks associated to the EGC Responsible Sourcing Standard and support stakeholders for their mitigation through the development of Continuous Improvement Plans (“CIPs”).

• Pact will follow-up on CIPs implementation progress until risk mitigation/resolution, in order to achieve continuous improvement.

* the number of staff will be adjusted based on the level of activities and risks at the project sites, using the following ratio:
1 HSE Officer per 1,000 ASM miners, with a minimum of 1 HSE Officer per site
4. Local / International Stakeholder & Government Engagement

- General Outreach - Support community sensitization and engagement to enable successful project launch.
- Participate and support the organization of Civil Society Organization (CSO) Forums.
- External Communications – Engage with external stakeholders to present the project’s approach, goals, progress and impact.
- Regular meetings with key project stakeholders from government (local, provincial, national) as well as EGC team members to ensure project alignment and facilitate collaboration on deliverables.
Pact and Trafigura have a proven track record of success formalizing ASM in DRC as part of responsible cobalt supply chains, in collaboration with miners, cooperatives, government and other local and international stakeholders.

Our approach to risk management, work safety, community engagement and capacity building with an emphasis on continuous learning and improvement has delivered impressive results in the past and we are ready for the challenge of scaling up to reach every artisanal cobalt producer in the DRC, to ensure artisanal miners safely benefit from the mineral resources around them and that global consumers can be confident that the cobalt in the products they use every day has been supplied responsibly.