



Responsible Cobalt Initiative

wants to improve the lives of artisanal miners

by Meindert Brouwer

Due to the energy transition, the production of electric cars is expanding rapidly around the world. The global demand of cobalt required in batteries of electric cars and also in batteries of smartphones, laptops and other electric devices continues to increase. Profits made by companies in the cobalt chain may have a dark downside. More than 60% of the world's cobalt comes from the Democratic Republic of Congo (DRC) and about 20% of it is dug there by hand by poor artisanal miners, including children. Working conditions may be hazardous. According to the Responsible Cobalt Initiative, this must change.

Creuseurs in artisanal cobalt mining pit near Kolwezi, southern DR Congo. The hole goes 30 meters deep into the ground where the cobalt ore can be found. From there the creuseurs dig little tunnels to collect the ore. It takes 2 months for a team to dig a hole like this ... manually.



The Responsible Cobalt Initiative (RCI) wants to eliminate child labor in artisanal mining of cobalt in DRC, establish safe working conditions and fair income for artisanal cobalt miners and support the well-being in their communities by funding the building of schools and developing alternative sources of income.

In fact it is up to all cobalt stakeholders inside and outside DRC, including DRC's government authorities, to take responsibility and proactively contribute to change.

If the initiative succeeds, this may serve as an example to improve the lives of artisanal miners of coltan, gold and other minerals elsewhere in the Congo Basin.

In an interview CCCMC director and chairman of the Responsible Cobalt Initiative (RCI), the experienced mining expert Mr. Sun Lihui sheds light on the necessity and conditions for good, standardized governance of artisanal mining of cobalt and on how CCCMC supports Chinese companies to meet new environmental and social standards in the cobalt chain.



Mr. Sun Lihui

Lihui: 'RCI adheres to the principle of "equality, openness, inclusiveness and transparency" to systematically identify and address the social and environmental risks in the cobalt supply chain, to build and promote the due diligence management system of the cobalt supply chain, to improve risk awareness and governance capacity, to strive to reduce the negative impact of the cobalt supply and trade, and to improve the livelihood of affected communities.'

Your initiative is called Responsible Cobalt Initiative. What is your definition of the term 'responsible'?

Lihui, contemplating: 'It needs to be analyzed from several perspectives. The first is to define the responsible entity, that is, to clarify who should be responsible. Regarding companies, upstream and downstream companies in the supply chain should all be responsible and bear common but differentiated responsibilities.

Secondly, it is necessary to clarify "whom should the company be responsible to"? Responsible to the company itself, to its suppliers, to other companies along the supply

chain, and more importantly, be responsible to affected community residents and miners in the mining areas. Companies should not disregard other parties' problems just for the sake of preventing their own supply chain risks. Thirdly, it is necessary to clarify the scope and the issues the company should be responsible for. It should include all economic, social and environmental issues, and the entity should not just be responsible for the issues related to its own role and activities. It is necessary to conduct integrated assessments to identify all negative impacts that are directly or indirectly linked to its own activities, and to take responsibility for these identified impacts.'

Lihui points out something else: 'There are several misunderstandings. The first misunderstanding is that companies – even large numbers of international brands – think that as long as they say no to minerals from artisanal mining and only purchase minerals from mechanized, industrial mining, their supply chain is responsible and clean. However, in industrial mining bad practices probably also exist, regarding corruption, safety, environment and other issues. The second misunderstanding is that when they identify the supply chain risks, companies consider disengaging the suppliers to be a responsible approach. What has been solved I ask.'

Why is it in the interest of Chinese cobalt mining and refining companies to mine and refine cobalt in a responsible way?

Lihui replies instantly and then reflects: 'Currently, more and more buyers and public opinion want responsible cobalt in products. Building a responsible, inclusive and sustainable cobalt supply chain can effectively reduce the social and environmental risks that may exist in the supply chain. It does not only meet the requirements of downstream customers, but also increase the trust of and gain support from local communities. Therefore it improves corporate reputation and image, and ensures a healthy and sustainable operation of the company. This is in the self-interest of the

More and more buyers want responsible cobalt in products.



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Cobalt is often found alongside copper and malachite (stones with blue-green). Therefore, these supply chains, and the related risks, are often closely linked to each other.

THE RESPONSIBLE COBALT INITIATIVE (RCI)

The Responsible Cobalt Initiative (RCI) was launched by the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC) and the Organisation for Economic Co-operation and Development (OECD) in 2016. In 2020 RCI has more than 20 member companies across the cobalt supply chain, upstream and downstream. Among them are Chinese mining companies and cobalt processors Huayou Cobalt, Hanrui Cobalt, electronic equipment manufacturer Huawei Consumer Business Group and car maker BMW. The International Forest Investment & Trade (InFIT) program, a high-level policy partnership between the United Kingdom and China, supports RCI.

There is a huge understanding gap between the upstream and downstream enterprises of the supply chain.

company and can also create a win-win environment for multiple stakeholders.’

In what ways does CCCMC support Chinese cobalt mining and refining companies to mine and refine cobalt in a responsible way?

Lihui: ‘By developing standards, organizing training, conducting due diligence, and providing consultation, CCCMC helps companies to improve the awareness and capabilities of supply chain due diligence, build a complete supply chain management system, and effectively manage supply chain risks.

We strengthen the support to Chinese companies operating in the DRC, enhance the formalization of artisanal and small-scale mining (ASM) in the DRC, create demonstration cases and provide support for remediation and remedial actions of companies in local communities. At the same time, we help companies to strengthen coordination and consultation with upstream and downstream parties and stakeholders, promote joint actions, and improve work efficiency and effectiveness.’

Could you give examples of remediation and remedial actions of companies in local communities?

Lihui: ‘RCI has been actively consulting and communicating with the DRC government, NGOs and other relevant parties to develop remediation and remedial projects. Trainings have been conducted to support member companies in the DRC. For example, RCI supports its member company Hanrui Cobalt in improving local living conditions in local communities such as power supply and provision of drinking water, promoting education by building primary and secondary schools and implementing long-term funding plans. Hanrui continuously provides quarterly or monthly supplements of tables and chairs, sports facilities and equipment, subsidies for school supplies and subsidies for students in need, etc., to contribute to the sustainable development of local communities.

Community participation is key for maintaining the positive partnerships with local stakeholders and creating a stable environment for the mining operation. Hanrui Cobalt

involves local governments and members of surrounding communities in selection, planning and implementation of community projects, which in their turn could benefit its mining operation.’

What are the main challenges to realize responsible artisanal mining of cobalt on the ground in the DRC?

Lihui, firmly: ‘Challenges are complex and diverse, but we will not stop working just because we have difficulties. We are taking action to constantly overcome various challenges:

1. Many foreign governmental departments, brand owners, media, NGOs, etc. have serious misunderstandings and prejudices on artisanal and small-scale mining (ASM) of gold and cobalt in the DRC. They always link “conflict minerals” with cobalt mining, and constantly demand upstream companies in the supply chain to stop buying ASM minerals, causing confusions for upstream companies.
2. The local society in the Democratic Republic of Congo is very poor. Many community residents rely on artisanal mining for their livelihoods, they do not have any other options. If a company simply refuses to purchase such “minerals” merely to avoid its own risks, it will have a more serious negative impact on the fragile livelihood of the local people.
3. Companies and local governments and communities share different cultures, values, languages, religions and even customs, coupled with weak governance of local governments, which have become an obstacle to strengthen cooperation with local stakeholders.
4. External parties always have this ideal and unrealistic hope to quickly eliminate the risks of child labor, safety and health in the ASM sector in the DRC, while ignoring or even weaken the positive improvements and efforts that upstream companies have made. They ignore the principle of “reality-based, continuous improvement, and stepwise progress” in social responsibility work.
5. The demands and objectives of upstream and downstream enterprises in the supply chain cannot be fully agreed on.



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Fairphone assembly line at G'hong factory in Chongqing, China.

The downstream companies have been used to shifting their responsibilities to the upstream actors; while the upstream actors are unable to effectively carry out work due to limited governance capacity, funding, and leverage. In other words, there is a huge understanding gap between the upstream and downstream enterprises of the supply chain in terms of “sharing responsibilities, sharing costs, and sharing value”.’

What do you consider to be key points of the supply chain? Please explain.

Lihui: ‘It is essential to deeply understand which stages in the supply chain have serious social risks, and to analyze the root causes of identified risks, and then adopt systematic solutions. For example, widespread child labor is found in the mining sector in the DRC. The root cause is extreme poverty of the local community. Many families are unable to send their children to school. We even found households of which the heads are teenagers. The source of livelihoods

of local residents is extremely simple, and most of them rely on mining for their livelihoods. Cobalt mines in many areas of the DRC are particularly suitable for artisanal mining due to the geological conditions, and mechanized mining is not applicable.

In order to solve the problem of child labor in the DRC, it is for this reason that we cannot simply refuse to buy minerals associated with child labor or expel children from the mining area. Otherwise it will further aggravate the already fragile livelihoods and subject them to more severe survival risks. This calls on the international community, upstream and downstream enterprises in the supply chain, and the DRC government to strengthen cooperation, make systemic solutions, standardize artisanal mining, carry out child labor remediation projects, provide funds for education projects, organize training workshops to diversify local community’s skills etc., and gradually lift the local communities out of poverty. In this way, the risk of child labor can be fundamentally resolved.’

Since June 2018 you are involved in implementing in what you call a cobalt supply chain due diligence project, mainly focusing on two pilot sites at Kasulu and Kamilobe in southern DRC. Please explain what the project is about.

Are there any first results?

Lihui: ‘This project is carried out by CDM based in the DRC. CDM’s parent company is our member company Zhejiang Huayou Cobalt. Originally, these two mining areas had the following issues: the mining area is overlapped with local communities; unregulated artisanal mining is identified. A report published by Amnesty International in 2016 pointed out the social risks associated with serious child labor and hazardous working conditions in artisanal mining in the DRC; and these two mining areas were involved. We continue to call for the formulation and implementation of solutions based on “systematic, inclusive, and sustainable” principles to prevent companies from stepping out of the supply chain, which some do in order to reduce supply chain risks. In that case livelihoods of local communities could deteriorate to a large extent.’

Lihui continues: ‘We support Huayou CDM to carry out standardized governance of artisanal mining, focusing on the two pilot mining areas of Kasulu and Kamilombe. Specific activities include: relocation of community villages from the mining area, providing basic needs for the community; building schools around the community, and providing teaching materials for schools, as well as lunch for students; building fences around the mining area, introducing safety requirements for mining; providing necessary protective equipment for miners; standardizing trading markets; providing clean water and shower equipment, etc.; implementing label-based management for cobalt mines in the mining area; contracting a professional security company to ensure a safe working environment; and setting up an independent supervision team with multi-stakeholder participation. By implementing the above-mentioned activities, we aim to establish a demonstration artisanal mining project and community livelihood development project in the DRC, in order to better monitor and improve

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the working conditions of artisanal miners, improve the system and mechanism to prevent child labour, promote the standardized governance of artisanal mining sites, and contribute to the livelihood enhancement of local communities.’

Lihui concludes: ‘At present, the environment of the pilot mining area has been gradually improved, and a continuous monitoring mechanism has been established, which has achieved phased outcomes. The project has drawn extensive attention from stakeholders in the global cobalt supply chain. Based on the achievements in 2020, we are actively studying and promoting the industry’s consensus on joint actions and regulatory mechanisms for standardized governance of cobalt artisanal mining, and will use this project as a model to extend the practical experience with regard to the project to more local artisanal mining areas and to promote standardized pilot projects elsewhere.’

Do you consider to develop and support ecologically and socially responsible mining in large, industrial mines of cobalt as well?

Lihui: ‘Yes, the CCCMC Guidelines for Social Responsibility in Chinese Outbound Mining Investments issued in 2014 mainly aim to provide standards for large-scale mechanized mining. We have also developed a supporting implementation manual and performance assessment system to facilitate companies to conduct self-assessment and third-party audit. We also conduct series of thematic trainings for companies and provide technical support.’

[EN] <http://en.cccmc.org.cn>

[CN] <http://www.cccmc.org.cn>

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FAIRPHONE IS SETTING THE STANDARD IN THE MOBILE PHONE INDUSTRY



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Fairphone 3+.

Fairphone, a Dutch social enterprise producing smartphones, is setting the standard for mobile phones in the future. As a pioneer in circular mobile phone production, Fairphone produces phones with replaceable modules which can be exchanged for upgrades and which also encourage easy repairs. This increases the longevity of the device to a large extent. With an expected scarcity of minerals in the future, reducing the production of the phone’s basics and therefore reducing greenhouse gas emissions, Fairphone sets an example in the industry.

Moreover, Fairphone has set out to source the phone’s parts in a responsible way, ensuring that miners of minerals required in the batteries receive a fair and decent fee, contributing to safe working conditions and minimizing the environmental impact.

As a partner of the Responsible Cobalt Initiative and co-founder of the Fair Cobalt Alliance, Fairphone contributes to improving conditions in small-scale cobalt mines in the Democratic Republic of Congo. Fairphone is sourcing Fair-trade gold in Peru and is engaged in establishing Fair trade standards in gold mines in Uganda.

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This is a strong proposition in a market where the call for environmentally sound and socially inclusive products is increasing all the time.

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Fairphone – partner of the Responsible Cobalt Initiative and co-founder of the Fair Cobalt Alliance – produces phones with replaceable modules which can be exchanged for upgrades and which also encourage easy repairs.