

# OECD DUE DILIGENCE GUIDANCE ANNEX II RISKS

## 3T 2021 OECD Step 5 Report

Date range: November 2020 – October 2021





An ASM miner crushing material.



A Better Mining Agent interviewing an ASM miner.

CONTENTS

Introduction	3
Executive Summary	4
How Better Mining implements the OECD Due Diligence Guidance A Step-by-Step Assessment	7
<b>STEP 1: STRONG COMPANY MANAGEMENT SYSTEMS</b>	<b>8</b>
Digital Product Traceability	8
<b>STEP 2: RISK IDENTIFICATION AND ASSESSMENT</b>	<b>11</b>
A Consistent Methodology	11
Annex II Risk Identification and Assessment	12
Critical Breach	14
Risk Analysis	15
Key Findings by Annex II Risk category <i>corresponding risk mitigation efforts are discussed in the next section</i>	16
<b>STEP 3: RISK MANAGEMENT</b>	<b>18</b>
Annex II Risk Mitigation Analysis	18
Barriers to Cap Implementation	24
<b>STEP 4: AUDIT</b>	<b>25</b>
Conclusion	25
Annex I: Incidents and Risks Data	26

INTRODUCTION

This report supports corporations reporting under the various iterations of “conflict minerals” legislation, globally, including but not limited to Section 1502 of the Dodd-Frank Wall Street Reform & Consumer Protection Act in the United States of America (DF1502) and the European Union’s Conflict Minerals Regulation (together “conflict minerals” legislation).

The report achieves this by presenting an update of the implementation of Better Mining, the mineral-agnostic Upstream Assurance Mechanism (“UAM”).

The scope of the report is limited to the tantalum, tin, and tungsten (3T) sectors, as these are covered under “conflict minerals” legislation. The gold artisanal and small-scale mining (ASM) sites in the Better Mining program were not yet exporting during the reporting period and will therefore be covered in subsequent reports alongside other minerals, including cobalt and copper.

In 2020, the Responsible Minerals Initiative recognized Better Mining as a UAM for 3Ts, based on a third-party assessment of alignment of Better Mining with the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (‘OECD Due Diligence Guidance’).

The purpose of this OECD Step 5 Due Diligence report is to explain how Better Mining implements OECD Due Diligence Guidance aligned practice and to report on Better Mining’s annual performance. While Better Mining’s risk monitoring and reporting process extends to seven core risk areas, the report is deliberately designed to focus on the OECD Due Diligence Guidance’s Annex II risks. This way it most directly aligns with the reporting requirements of corporations reporting under “conflict minerals” legislation.

Better Mining is the only technology-based and fully operational assurance and improvement program with a daily staff presence on ASM sites. This report presents anonymized data from 29 3T ASM sites in two countries where Better Mining was implemented during the reporting period of November 2020 to October 2021.

At the time of writing this report, Better Mining has successfully replicated its approach to the gold, copper and cobalt sectors and has successfully scaled its footprint to 48 ASM mine sites. Better Mining is in the process of OECD alignment assessment for its operations on copper-cobalt sites, which is scheduled to conclude in 2022.

The program’s proven replicability and scalability makes it attractive to implement in other ASM mined minerals and in other geographical contexts. This is particularly the case for countries where ASM is a reality and where no UAM is locally available yet.

The mineral agnostic program represents a realistic and credible route to global markets for responsibly-sourced ASM production and it is supported by a broad-based coalition comprising the development sector and global corporations from all tiers of the value chain, including Original Equipment Manufacturers (OEMs), midstream companies, traders, and industrial mining companies.

Indeed, as discussion and mitigation efforts around risks and incidents in ASM production continues, this report offers a comprehensive and timely picture of the current reality within the 3T ASM sector, based on data gathered daily by our staff using a consistent methodology.

It also offers a powerful example of how a scaled, data-based model, such as Better Mining, can advance transparency, understanding, as well as risk mitigation and impact creation in supply chains, leading to a win-win: improving due diligence and assurance processes, and improving conditions for the communities involved in and around ASM mines.

At a target cost of an average of US\$ 50,000 per site per annum, Better Mining has pioneered a model proven to be scalable that is effective in improving ASM site conditions systematically and at scale within available budgets. Better Mining is creating a sector-wide window of transparency and is demonstrably working to improve practices systemically.

For detailed information on how Better Mining works and how to become a member, please refer to the [RCS Global website](#).

RCS Global Group implements Better Mining with the support of the Responsible Business Alliance’s Responsible Minerals Initiative (RMI), Ford Motor Co, General Motors, Volvo Cars, CATL, Cisco, Intel, LG Electronics, Google, Huayou Cobalt, Hanrui Cobalt, Sony and Techtronic Industries, as well as CMOC, IXM, and Telf AG.

# EXECUTIVE SUMMARY

This report shows how Better Mining implements the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ('OECD Due Diligence Guidance') for tantalum, tin, and tungsten (3T) supply chains. While Better Mining's risk monitoring and reporting process extends to seven core risk categories, this report focuses only on Annex II risks stipulated in the OECD Due Diligence Guidance. (Please refer to the Introduction for more details.)

Within this, the core of the report details the process Better Mining implements and the data Better Mining gathers in relation to step 2 (risk identification and assessment) and step 3 (risk management).

This report presents anonymized data from 29 3T ASM sites in the Democratic Republic of Congo (DRC) and Rwanda where Better Mining was implemented during the reporting period of November 2020 to October 2021. Better Mining has since successfully replicated to gold, cobalt, and copper sites, expanding its scope to 48 ASM mine sites across two countries.

During the reporting period, over 10,000 miners were involved at the mines analyzed in this report. Overall, more than 55,000 miners were covered by Better Mining when considering all ASM sites in the program as of October 2021.

RCS Global Group developed a risk reporting methodology enshrined in a Risk Management Protocol (RMP), with funding from the RMI. The RMP has undergone stakeholder consultation and is now in use at all ASM sites in the program.

Aligned with the RMP methodology, Better Mining categorizes incident data into seven core risk categories, from a total of 25 individual areas. The seven core risk areas covered are Human Rights; Security; Working Conditions/ Safety; Environment; Legality; Community; and Chain of Custody.

This report analyzes RCS Global's data from Better Mining risks identification and assessment and risk mitigation efforts of OECD Due Diligence Guidance Annex II risks only. The 42 incident data entries during the reporting period that relate to Annex II risk correspond to Better Mining's Human Rights, Legality, and Security risk categories.

In response to identified risks, Better Mining issues monthly corrective action plans (CAPs) for each site in the program. The CAPs assign corrective actions to specific local stakeholders for implementation. The corrective actions are work-shopped with local stakeholders at each ASM site in the program in a monthly meeting and the stakeholders' implementation of the corrective actions is subsequently monitored by the program.

As an assurance mechanism, Better Mining does not itself implement corrective actions. Instead, it assigns corrective actions to local stakeholders for implementation and monitors and reports on the progress local stakeholders are making with the implementation of corrective actions.

The record of CAP implementation progress registered across the 3T ASM mine sites covered in the report shows a positive trend. By the end of the reporting period, 90% of the CAPs recommended were in progress or implemented. This is a significant increase from the previous year (77%). Although the performance of ASM sites in the program varies, all CAPs addressing serious security risks (Non-State Armed Groups and Public or Private Security Forces) have been implemented.

## Overall, the report has five core objectives:

1. To support improved transparency in the overall conditions of minerals production and trade, supporting companies conducting their own due diligence, including SEC reporting companies and those covered by the EU conflict minerals legislation.
2. To allow readers to understand how Better Mining enables OECD 5-step framework aligned due diligence practices in the upstream of the supply chain.
3. To utilize Better Mining's unique ASM risk and incident data to build a comprehensive and evidenced picture of Annex II risks linked to ASM production.
4. To mainstream ASM risk mitigation and continuous improvement by enabling a shift in focus from incident closure to a more effective focus on risk management.
5. To illustrate the performance of Better Mining as a recognized upstream assurance mechanism and the continuous improvement value of Better Mining's assurance approach.

# KEY FINDINGS AND CONCLUSIONS

**Assurance programs with daily staff monitoring on ASM mines, such as Better Mining, can have a positive tangible impact over time on reducing Annex II risks and continually improving ASM mining conditions.**

- While there was a slight increase in severe incidents during the reporting period, annual risk trend analysis highlights that across the three risk categories and eleven risks, all risks are at a 'low' or 'least' risk level by Q4. This is a result of effective corrective action implementation of risks linked to severe incidents as well as severe incidents being consolidated to only a few sites in the program.
- When looking at the quarterly 'risk heatmap' over the reporting year, only one risk during one quarter was at a 'moderate' risk level. All Better Mining sites were largely kept at a 'least' or 'low' for each quarter.

New sites that are being onboarded to the program on an ongoing basis have a greater risk exposure than sites that have been under a corrective action process for some time. This means with every site that is onboarded, the overall risk trends in the aggregated data set typically deteriorate in the short term before it improves again with the sites in the program maturing.

- From these three core risk areas relating to Annex II analyzed over the year, the most prevalent incidents recorded across the ASM mine sites monitored were linked to Human Rights (23) followed by Legality (15). Under the Human Rights risk category, Worst Forms of Child Labor (WFCL) had the most incidents (19).
- When looking at WFCL, as defined by the International Labour Organization (ILO), incidents are rare compared to the total number of recorded incidents on all 3T monitored sites. Continued school closures and economic hardship because of COVID-19 has kept the number of incidents consistent with the previous year. Incidents related to WFCL can be separated into two categories: incidents linked to illegal mining on sites officially closed for mining (inactive) and children found to be engaging in activities on actively mined sites.
- The Security risk category comprised of the least number of incidents (4); however, this includes two serious critical breach incidents. The incidents were linked to public security forces' involvement in mining activities and a presence of an armed group mining on one site. In response to these incidents, Better Mining suspended

monitoring and digital traceability services on the affected sites until significant evidence of improvement was provided as required by Better Mining's corrective action plan. Risk mitigation, and where required, risk remediation, was achieved. This demonstrates the impact value of Better Mining. Detailed information on Security incidents and the accompanying corrective actions can be found in the Key Findings by Annex II Risk Category and Risk Mitigation Sections of this report.

**The issuance of monthly corrective action plans (CAPs) and their on-site implementation monitoring is driving positive results. This is a critical finding as it demonstrates that significant improvements can be achieved even when considering the comparatively limited budgets of the local stakeholders that Better Mining assigns corrective actions to.**

- The record of CAP implementation progress registered across the 3T ASM mine sites covered in the report shows a positive trend. By the end of the reporting period, 90% of the CAPs recommended were in progress or implemented. This is a significant increase from the previous reporting period. Considering the severity of incidents in this reporting period, this is a notable achievement.
- 89% of Human Rights mitigation actions are in progress or implemented. Within this category, 88% of recommended actions addressing WFCL have been started or completed. To address the risk of WFCL on sites, mining operators and cooperatives implemented actions, including but not limited to raising awareness among workers that child labor is forbidden, significantly increasing security patrols, and monitoring on sites, hosting workshops, engaging government authorities, engagement with local churches, and circulating memos to all pit leaders. These actions were recommended to address the risk of child labor on site and find long term solutions, whereas immediate actions to individual incidents included removing children from the ASM sites and alerting local authorities of their presence in addition to discussing with the parents of the children.
- The remaining 11% of Human Rights mitigation actions that were not started within the period are related to installing child labor signposts, increase child labor monitoring patrols, organizing weekly parades to raise awareness around child labor, and training security on Voluntary Principles on Security and Human Rights.



Better Mining has entered a technical collaboration with UNICEF, funded by the German Government (BMZ) to further strengthen child labor risk mitigation through the development and practical piloting of a child labor risk mitigation toolkit for 2021-2022. Better Mining has begun development of the toolkit in collaboration with UNICEF. The mineral agnostic toolkit will be piloted on selected Better Mining monitored sites in DRC and applied to all sites subject to funding.

- In the Legality/Legitimacy risk category, 79% of corrective actions were in progress or implemented.
- **100% of corrective actions related to security incidents have been implemented.** This includes actions assigned to address incidents highlighting major non-conformance or critical breaches in relation to Annex II risks associated with Non-state Armed groups and Public or Private Security Forces.
- Systemic barriers to complete improvement persist and are being worked on at multi-stakeholder level and in complementarity to CAP implementation.
- When looking at causality and barriers to future risk mitigation the drivers behind the incidents recorded in this research are diverse, ranging from the conflict area context, government response time, cultural norms, prioritization of short-term financial gain, access to capital, technical gaps, the mobility of miners, and COVID-19. This is further elaborate in this report.
- Investment to support capital intensive CAP implementation, with external technical support, and active engagement from the downstream value chain has the potential to lead to a rapid improvement in conditions on a site-by-site basis. It can also lead to more tangible mitigation of the systemic and contextual risks that impact the whole sector.



A child washing material on an ASM site.

### Box 1: The Dodd-Frank Wall Street Reform and Consumer Protection Act 2010 and risks relating to benefits to armed groups

The Dodd-Frank Act Section 1502(e) (4) is US legislation which requires companies to report annually to the Securities and Exchange Commission (SEC) disclosing if there is a reasonable basis for conflict minerals to be found in the company's products. Conflict minerals are defined as tin, tantalum, tungsten, and gold (3TG) that directly or indirectly finance or benefit armed groups (state and non-state armed groups) and originate from the Democratic republic of Congo (DRC) or adjoining countries.

Better Mining monitoring is a crucial source of information for companies' due diligence and reporting requirements. The program provides detailed incident and risk data and tracks progress of corresponding corrective actions regarding state and non-state armed groups on or near ASM sites. Under Better Mining monitoring, incidents and risks of armed groups' involvement in mining activities are categorized in the "Non-State Armed Groups," "Public or Private Security," and "Corruption and Bribery" risk areas.

**During the reporting period, there were 5 incidents that met the criteria outlined in the Dodd-Frank Act Section 1502(e) (4). Better Mining observed and/or received reasonable evidence that state and non-state armed groups, as defined within the Act, benefited financially either directly or indirectly from mining activities on affected sites only.** Below are brief descriptions of the incidents and corresponding risk management actions. **Better Mining responded to these incidents by recommending to relevant stakeholders' appropriate risk mitigation and/or risk remediation actions for implementation. Better Mining subsequently tracked the implementation of the corrective actions to closure.** Detailed incident descriptions and corrective actions can be found in the attached incident list and in the Annex II Risk Mitigation Analysis section of this report.

Two of the five incidents rank in the **Security** risk category. One **Public or Private Security Forces** incident was recorded which involved non-mandated public security officers implicated in mining activities (including in mineral trade) on a Better Mining monitored ASM mine site. A single **Non-State Armed Groups** incident was recorded on a ASM site that does not produce 3T, which is situated adjacent to a Better Mining monitored ASM site. There, violent clashes between armed persons and public security forces were observed. The raw materials from that affected ASM site were not included in any

of the supply chains monitored and digitally traced by Better Mining. **As a result of these two incidents, Better Mining suspended monitoring and traceability services in two locations: First, at the one affected ASM site. Second, at the one unaffected ASM site, which borders the affected ASM site that does not produce 3T. Better Mining implementation at both ASM sites was resumed when the corrective actions issued and required by Better Mining were completed and credible evidence was provided to Better Mining regarding the improved security situation at the two sites.**

Within the Better Mining program, security incident reports are met with careful monitoring of the situation in consultation with local stakeholders. This type of early warning and ongoing monitoring allows for flexible responses. The Government is the ultimate authority responsible to handle security sector related risks, whereas the United Nations have a specific mandate to investigate security sector related risks. Better Mining's approach is to closely collaborate with these actors who have a formal and defined mandate in the security sector. This enables credible reporting of risks while protecting the personal safety of Better Mining staff.

The three remaining incidents were isolated and categorized as **Corruption/Bribery**. Two incidents involved mining police accepting payments from miners to work outside of authorized working hours. In response, a letter was sent to the mining police hierarchy urgently requesting a rotation of mining police officers and new officers being appointed to the affected mine site. Additionally, a single incident was recorded of mining police requesting an illegitimate security fee from a cooperative, for the cooperative to operate on a site. The mining operator issued a communication to cooperatives stating that the tax was illegal, and that no payments must be made to the mining police.



A Better Mining Agent interviewing an ASM miner.



# HOW BETTER MINING IMPLEMENTS THE OECD DUE DILIGENCE GUIDANCE A STEP-BY-STEP ASSESSMENT

## STEP 1: STRONG COMPANY MANAGEMENT SYSTEMS

As a recognized and RMI accreditation Level 1 Upstream Assurance Mechanism (UAM), Better Mining is implementing OECD- aligned due diligence<sup>1</sup> through established procedures and a strong company management system.

A third-party OECD Alignment Assessment found Better Mining policies and implementation for 3Ts to be OECD Due Diligence Guidance aligned.

For Better Mining, due diligence is an ongoing, proactive, and reactive process that needs to be undertaken by all companies in a supply chain. Based on this principle, Better Mining expects companies participating in Better Mining supply chains to proactively carry out due diligence and to react to changes in circumstances and risks in the supply chain.

Better Mining implements an ongoing process of robust data collection and stakeholder engagement to encourage conformance with international, national, and regional due diligence standards. Better Mining's Risk Management Protocol (RMP) sets out a process for identification and management of reported risks in an OECD Due Diligence Guidance conformant, measurable, and accountable manner.

Deployed daily to the ASM sites in the program, locally recruited and trained Better Mining monitoring agents are equipped with a smartphone application to gather incident and risk data. This data is transmitted to Better Mining's database to be verified and analyzed by RCS Global's international risks expert team. The team translates OECD Due Diligence Guidance Annex II relevant incidents into risks and assigns unique corrective actions to local stakeholders for implementation on the ASM sites in the program.

In close collaboration with local stakeholders, Better Mining's international and in-country field teams oversee the implementation of risk management and improvements advancement for the mines in scope, via the Better Mining Corrective Actions Plan (CAP) process.

As part of this process, Better Mining engages the relevant local stakeholders in monthly meetings at each ASM site in the program to discuss risks and to workshop the monthly issued corrective actions assigned by Better Mining. The implementation of the CAP, in turn, is on-site monitored and data tracked, with a view to map the continuous improvement of conditions at each ASM site in the program.



Copyright, Sarah Day Smith / USAID

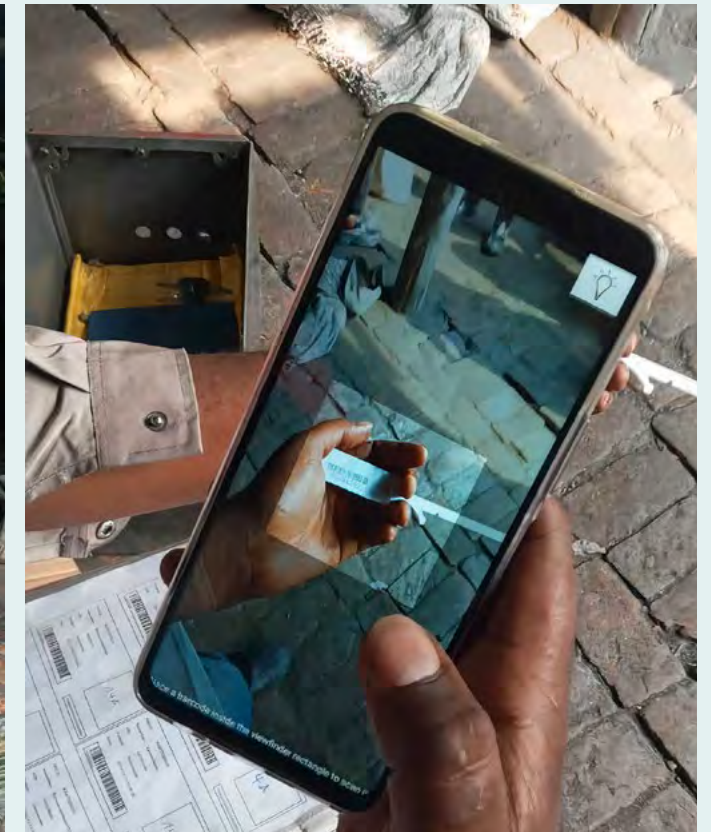
<sup>1</sup> Third-party OECD Alignment Assessment.

## DIGITAL PRODUCT TRACEABILITY

Better Mining helps mining operators and exporters to establish a system of controls and transparency over mineral supply chains including implementing RCS Trace, RCS Global's digital product traceability solution, which connects the physical to the digital and provides digitally recorded product traceability data from ASM mines (pit or tunnel) to the smelters and refiners (SORs). RCS Trace helps Better Mining offer a strong and demonstrable chain of custody implementation data trail.



An ASM miner closing a bag of material and adding a tag.



A Better Mining monitor scanning a tag to enter data into RCS Global's digital product traceability solution TRACE.

Better Mining has been successfully implementing digital traceability in the 3T space for several years. Over 5 years ago, RCS Global traced the first 3T shipment from Rwanda, followed by the first shipment in DRC three years later. In response to increasing demand for responsibly-sourced ASM material both from the market as well as the development sector, Better Mining has expanded digital traceability to gold and is also piloting RCS Trace on a Better Mining monitored copper and cobalt site. This is the first time digital traceability has been implemented on ASM copper and cobalt sites in DRC, which is a significant Better Mining achievement.

RCS Trace is mineral agnostic and can be easily tailored to each unique supply chain. The low-cost, high versatility system uses a mobile application which allows remote and off-grid data recording ideal for ASM sites. The automated data validation and traceability reports support ASM cooperatives and operators to successfully establish a chain of custody.

**RCS Global's digital product traceability solution is proven to work in ASM and supports mining operators and cooperatives to establish a system of controls and transparency over mineral supply chains.**

- Mineral agnostic and proven to work in ASM
- Fully digital system with tamper-proof tags
- Low-cost remote and off-grid digital data recording
- Automated validation of data
- Tailored to each unique supply chain



RCS Trace works by covering the entire supply chain from pit level to smelter, collecting data at every business step along the way from first collection on site to processing, blending, and exportation. For each step, essential data is recorded including the location, type of mineral, purity, time, and who recorded the data point. This is accompanied by more specific data points such as the weight of individual bags and unique tag IDs. Tags can be preconfigured to each unique supply chain and distributed based on production volumes to prevent tampering.

The data is collected on site with a mobile application by designated mining operator staff or Better Mining monitors. Using the application, the tags are scanned at each step

and a questionnaire is completed to capture the additional data points. Once the data is submitted and sent to Better Mining's database, it is validated by a preset algorithm as well as reviewed by the Better Mining Responsible Sourcing expert team. This process culminates in a detailed traceability report which is shared with the mining operators and receiving smelters.

Figure 1, provides a visual map of the data collection process from pit to smelter, including location, steps, and traceability data (weight, staff present, time, purity, tag ID).

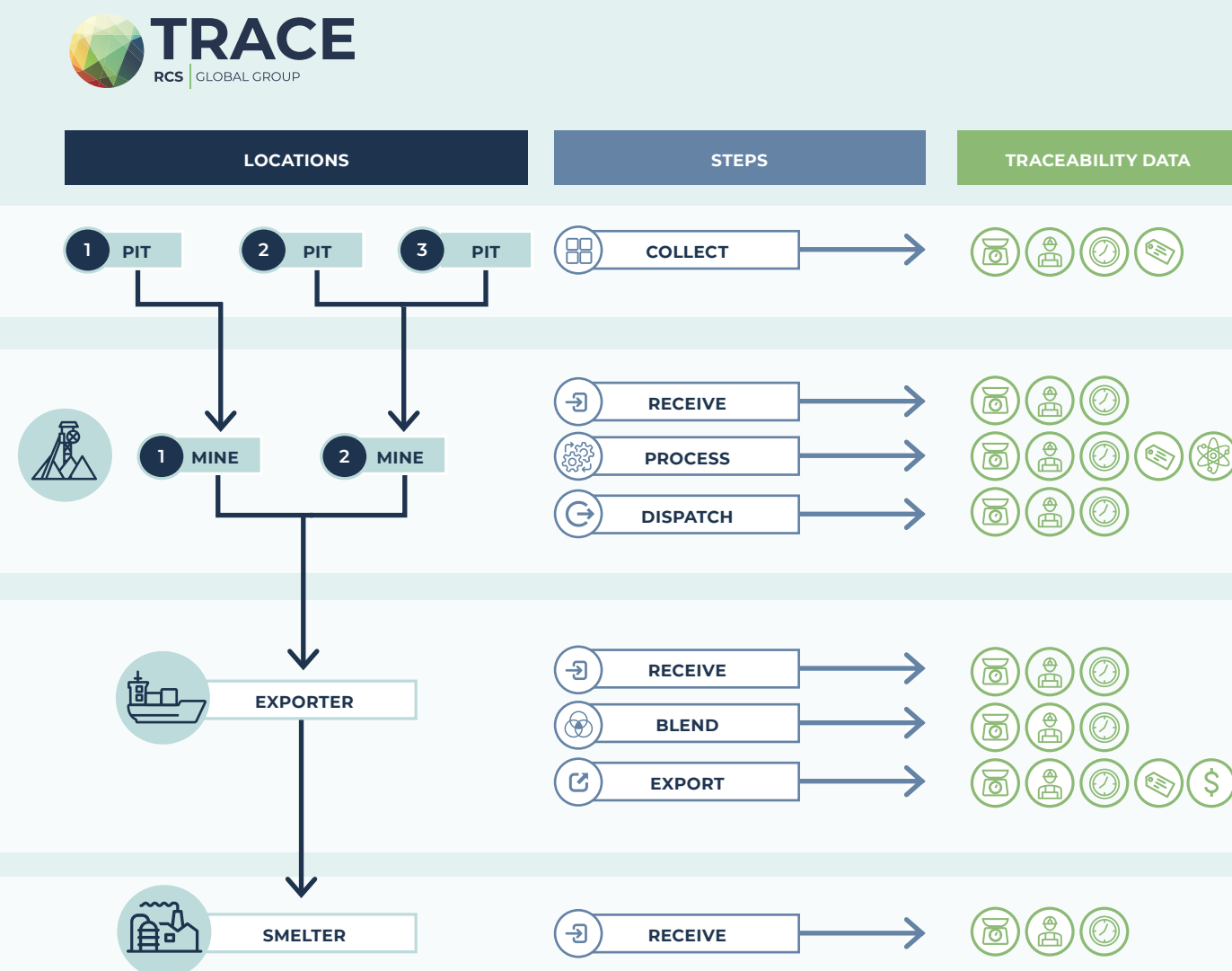


Figure 1: RCS Trace digital product traceability data collection

## STEP 2: RISK IDENTIFICATION AND ASSESSMENT

The first implementation step in the Better Mining risk management approach consists of a preliminary analysis of a supply chain, known as the Supply Chain Evaluation (SCE). This evaluation process serves to identify and assess upstream supply chain risks covered by the program, as well as to propose a tailored risk management strategy aligned with the OECD Due Diligence Guidance, which may include different levels of deployment of Better Mining due diligence systems.

Better Mining trained monitoring agents are deployed on an ongoing basis to mine sites. Monitoring agents collect incidents and socio-economic data through a custom developed smartphone app.

When an incident is recorded in the Better Mining app, it is transferred immediately to the secure Incident Management System (IMS) database and verified/confirmed by an assigned data coordinator. The collection and verification of incidents and socio-economic data plays an important role in the Better Mining Risk Management Approach. Better Mining has developed a custom procedure to translate the collected incidents and socio-economic data into risks, which is described further below.

## A CONSISTENT METHODOLOGY

The Better Mining risk identification and assessment methodology, developed with support from the Responsible Minerals Initiative (RMI), translates single 'incidents' (events that have occurred and have caused a negative impact on the supply chain) into 'risks' (potentially adverse impacts). Better Mining identifies risks from these recorded incidents and assigns corrective actions to mitigate the identified risks.

Risk mitigation addresses deeper structural issues than a focus on incident closure would allow, and it is therefore a far more meaningful analytical lens and far more practically impactful approach than a focus on incident closure alone.

Instead of only focusing on closing incidents, ASM sites monitored by Better Mining are expected and supported to implement risk-based due diligence commensurate to the severity and likelihood of identified risks. Risk mitigation is the preferred approach to do so. This provides critical context for the incidents list published in Annex 1.

### Box 2: How Better Mining Triangulates Data

While the Better Mining risk levels calculation is based on an algorithm, Better Mining contextualizes collected incidents with other data sources to corroborate the information.

**Data sources that complement the raw incident data include:**

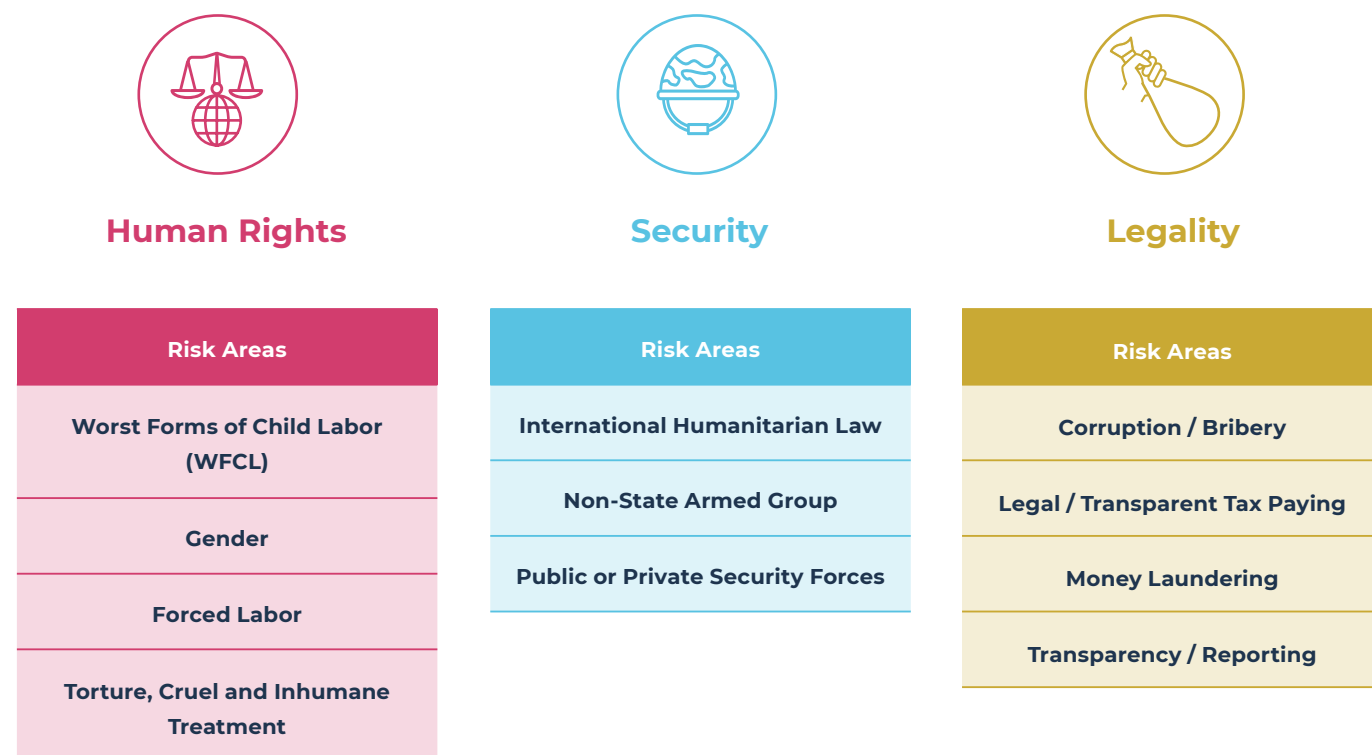
- daily monitoring reports submitted by Better Mining monitoring agents.
- engagement with local civil society organizations by the Better Mining project team.
- other organizations' reports where they relate to the specific ASM sites monitored by Better Mining.
- qualitative risk analysis conducted by the RCS Global Responsible Sourcing risk expert team.
- Corrective Action Plans (CAPs) submitted to local stakeholders by Better Mining project teams in the DRC and Rwanda.
- CAP progress monitoring by Better Mining monitoring agents; and
- CAP progress evaluations conducted by the Better Mining project management team.

## Annex II RISK IDENTIFICATION AND ASSESSMENT

The risk analysis in this report is based on **42 incidents** related to OECD Due Diligence Guidance Annex II risks that were registered across the **29 3T ASM sites** in the program during the period under review. The 42 incidents were recorded and categorized into **3 identified risk categories** and their associated 11 risk areas out of a possible 26 risk areas in the Better Mining methodology.

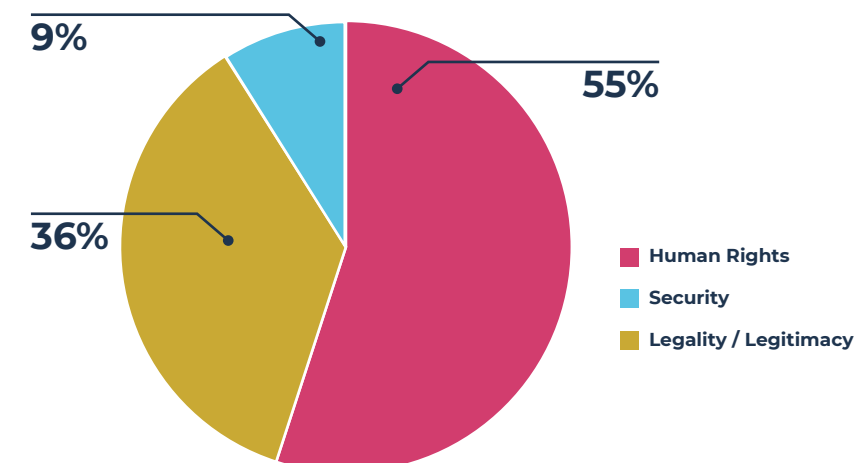


Extract of the Better Mining RMP Risk Categories related to OECD Due Diligence Annex II risks.



The following chart is the proportion of incidents by Annex II risk category.

Figure 2: Proportion of incidents by Annex II risk category



The following charts the proportion of incidents by Annex II risk.

Figure 3: Proportion of incidents per Annex II risk

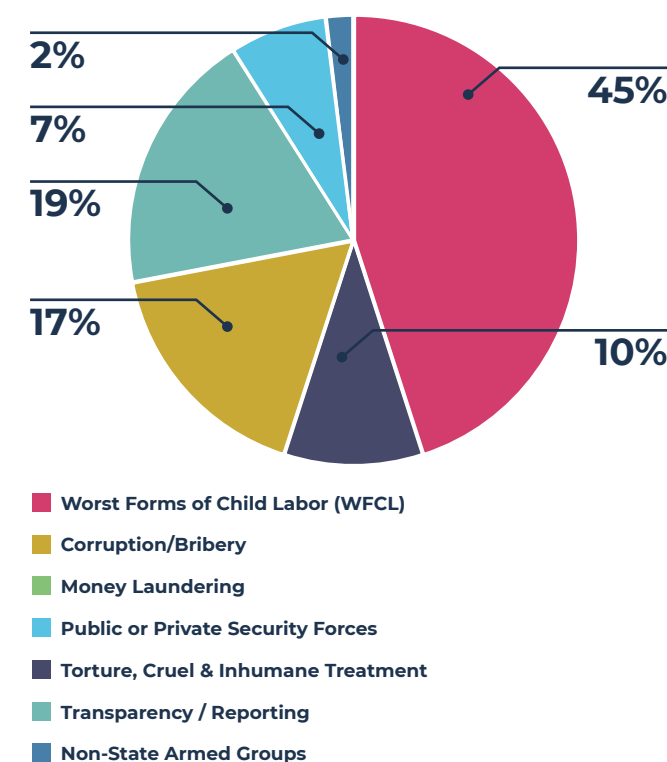
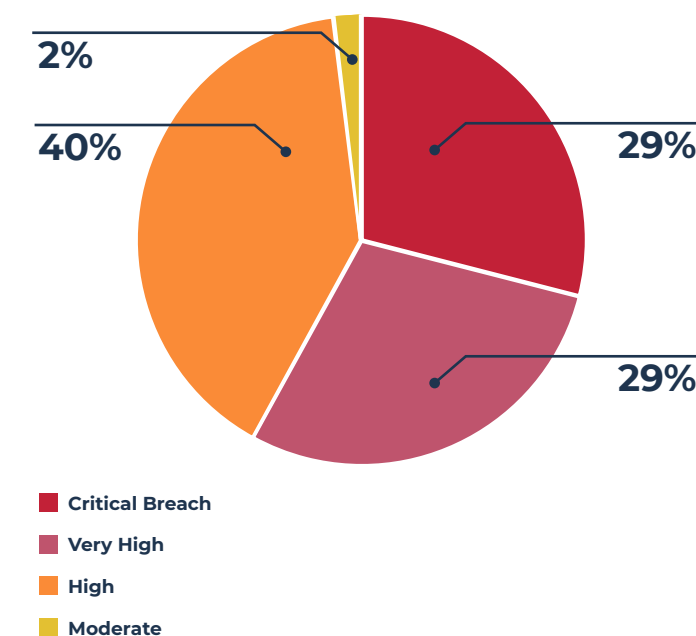


Figure 4: Proportion of Annex II incidents by score category



All incidents are automatically assigned an overall score which correlates to a six-scale scoring logic (very low, low, moderate, high, very high and critical breach).

## CRITICAL BREACH

A critical breach incident corresponds to a case where a significant non-conformance with Better Mining's risk reporting framework and the OECD Due Diligence Guidance is identified and is insufficiently mitigated within an accelerated timeline.

General examples of Critical Breach incidents could include control of a mine site by a state or a non-state armed group, as well as the Worst Forms of Child Labor.

### Box 3: Critical Breach Procedure

Critical Breaches represent significant non-conformances with Better Mining requirements and the OECD Due Diligence Guidance. Better Mining has a Critical Breach procedure that defines a process in line with Annex II of the OECD Due Diligence Guidance. Critical Breaches can be observed during the initial Supply Chain Evaluation (SCE), which Better Mining implements prior to system deployment on ASM sites or during the ongoing risk monitoring at sites. They can also be identified while implementing RCS Trace, the digital product traceability system, which Better Mining deploys from ASM pit level to the SORs.

Critical Breach incidents trigger an immediate alert for users of the Better Mining system and relevant stakeholders. In response to a Critical Breach incident, a specific CAP tailored to the incident is issued for implementation to relevant stakeholders with an escalated timeline. The timeline depends on the type and severity of the incident identified, as well as the context. If mitigation action does not occur during the assigned timeline, Better Mining follows a process, depending on the situation, to disengage temporarily or permanently from the site.

During the reporting period, **12 out of 42 incidents** related to Annex II risks were classified as Critical Breaches. 10 out of 12 Critical Breach incidents fell under the Worst Forms of Child Labor risk. The remaining 2 were security-related incidents: public security forces implicated in mining activities (including mineral trade) and presence of an armed group on an inactive sub-site. Detailed descriptions of Critical Breach incidents can be found in the incident list published in **Annex I**.

Risk category	Critical Breach incidents	Number of incidents
Security	Non-State Armed Group	1
Security	Public and Private Security Forces	1
Human Rights	Worst Forms of Child Labor	10
	<b>Total</b>	<b>12</b>

Information on corresponding CAP progress can be found in the **Critical Breach Risk Mitigation** Section of this report.

## RISK ANALYSIS

Better Mining applies an algorithm that calculates risk levels based on the location, the severity scores of the incidents, and the times when incidents occur within predefined monitoring periods. The risk levels assigned by Better Mining are on a four-scale logic (least, low, moderate, and high), where "least" is a level assigned in cases where no incidents have been registered over a monitoring period.

**Figure 5** shows the simple average of the calculated risk levels across all sites for each quarter during the reporting period. Based on the Better Mining algorithm, risk levels assigned and shown in the below risk heatmap are:

**0 = least risk**

**1 = low risk**

**2 = moderate risk**

**3 = high risk**

**It is important to note:**

- These values are generated from a wide range of mine sites. Thus, a low average score can mean two things: a) all sites have a 'low risk' rating, or b) all but one site has a 'low risk' rating, and one has a 'high risk' rating.
- Developments over time can have two causes: Improvement or deterioration of the risk situation across sites; or the addition or removal of a site with a risk level that differs largely from the overall average.

The simple averages in the heatmap in **Figure 5** highlight trends for Annex II Risks, with a more detailed analysis of the different risk categories following below:

Figure 5: Risk Heatmap – Annex II risks

Risk Category	Risk	Q1	Q2	Q3	Q4
Human Rights	Worst Forms of Child Labor	1	1	1	1
	Forced Labor	0	0	0	0
	Gender	0	0	0	0
	Torture, Cruel and Inhuman Treatment	0	0	0	0
Security	International Humanitarian Law	0	0	0	0
	Non-State Armed Groups	1	0	0	0
	Public or Private Security Forces	0	0	1	1
Legality/Legitimacy	Corruption / Bribery	0	1	1	1
	Legal Transparent Tax Paying (EITI)	0	0	0	0
	Money Laundering	0	0	0	0
	Transparency / Reporting	2	1	0	0

- All risks assessed under the Annex II scope were assessed to be 'low' or 'least' by Q4.
- Six risks remained at the 'least' risk level throughout the period.
- Only one risk, Transparency/Reporting, was briefly at a 'moderate' risk level during the reporting period.
- Two risks showed improvement by Q4, Non-State Armed Group and Transparency/Reporting.
- Public or Private Security Forces was at a 'low' risk level in Q4, although the corrective actions related to a serious incident were implemented. This is because Better Mining updated the methodology in 2021 to require a 3-month period of 0 high-scoring incidents before the risk level can be downgraded.
- By Q4, the monitored ASM mine sites have observed an upward trend with risk levels across only 2 risks deteriorating when comparing Q1 to Q4.



## KEY FINDINGS BY ANNEX II RISK CATEGORY

CORRESPONDING RISK MITIGATION EFFORTS ARE DISCUSSED IN THE NEXT SECTION

### Human Rights risk category

**Worst Forms of Child Labor (WFCL)** is defined as the confirmation of a child performing hazardous work at a mine site, in line with ILO definitions of WFCL. WFCL risk increased from the previous reporting period. Due to continued school closures and economic hardship because of COVID-19, children were vulnerable to engaging in child labor to support their families.

On average, WFCL stayed steady at a 'low' risk throughout the period. WFCL was isolated to only a few sites in the program and on sites where present, corrective actions were in progress or implemented, explaining the 'low' risk. Better Mining reported 19 incidents of WFCL where children were directly involved in mining activities. Ten cases of WFCL, classified as critical breach incidents were identified in which children were observed carrying out highly hazardous work, i.e., digging or carrying ore bags. Half of these incidents (5 out of 10) were related to illegal mining activities on inactive sites. Illegal mining is typically linked to increased risks across several categories.

Nine incidents of children sieving or washing ore were recorded with a 'very high' severity. Two of the nine incidents took place on inactive sites as part of illegal mining activities. The remaining incidents were observed at ore washing facilities on an active site.

Four incidents fell under the **Torture, Cruel and Inhumane Treatment** risk. Three of these incidents relate to arbitrary detention and excessive force. One incident of arbitrary detention was recorded in which 3 Better Mining site monitors were temporarily detained by the mining police due to a false accusation of illegal presence on an adjacent mine site and spying for the mine operator. After discussion with the mining police, the monitors were released and cleared to continue their mandated due diligence work as normal. One linked incident was categorized as excessive force when the mining police visited the residence of the landlord who rents housing to Better Mining monitors and intimidated the landlord. These unacceptable occurrences were promptly reported both to the authorities and protested in relevant civil society forums as it represents an attack on due diligence implementation in the African Great Lakes region and thus affects all organizations implementing due diligence.

The second incident of excessive force was observed in a village near the mine site within the mining concession. A mining police officer used unjustified force against a woman residing in the mining village. The woman was taken to a local hospital for treatment immediately following the incident and the officer involved was reported to the relevant authorities.

The final incident linked to this risk was a mining operator's private security force lacking training on the Voluntary Principles on Security and Humans Rights.



Former Better Mining Agent carrying out a sensitisation campaign, Copyright USAID

### Legality / Legitimacy risk category

The risk of **Corruption/Bribery** deteriorated by the end of the reporting period because of an increase in incidents starting in Q2. However, this is a risk with an overall low number of incidents recorded (7). Incidents under this risk primarily relate to state agents, mining police, cooperative leaders, or traditional authorities collecting illegal payments from miners.

Two incidents of mining police accepting payments from miners to work outside of authorized working hours were recorded. In response, a letter was sent to the mining police hierarchy urgently requesting a rotation of mining police officers and new officers appointed to the affected mine site. Additionally, a single case of mining police requesting an illegitimate security fee from a cooperative to operate on a site was recorded. The mining operator issued a communication to cooperatives stating that the tax was illegal and that no payments should be made to the mining police.

Eight incidents fell under the **Transparency/Reporting** risk. The incidents are all regarding operators missing a publicly available annual report on due diligence activities.

To advance transparency and reporting and to advance the implementation of the OECD Due Diligence Guidance in the sector, in 2021, Better Mining recommended participating companies to publish their policies and OECD Step 5 reports on the Better Mining website. The annual reports for companies utilizing Better Mining in the 3Ts are publicly available on the Better Mining website.

No incidents of Money Laundering were reported during the reporting period.

### Security risk category

There were no reported incidents in the **International Humanitarian Law** risk recorded this period.

The risk of **Public or Private Security Forces** was at a 'least' risk until Q3 when a severe incident increased the risk level. The incident, classified as a Critical Breach, involved non-mandated public security officers implicated in mining activities (including in the mineral trade) on a mine site. Better Mining suspended the site from the program and required the mining operator to complete a series of corrective actions with accelerated timelines. The site remained closed until all actions were implemented and an evaluation of the mine site was conducted by Better Mining and other relevant parties to get sufficient comfort that the risk is suitably remediated.

The remaining 2 incidents were related to presence of a military officer in civilian clothing on site and presence of 12 military soldiers on a mine site acting as security escort to a delegation visiting the site. These officers were not involved in mining activities.

**Non-State Armed Groups** was at a 'least' risk for most of the reporting period, with only 1 incident recorded under this risk triggering an increase in risk level to 'low.' The incident, classified as a Critical Breach, involved violent clashes between armed men and public security forces on an inactive sub-site not included in any of Better Mining's monitored supply chains. The armed men were engaged in mining activities on the inactive-sub site until public forces succeeded in pushing the armed men off the site. It is important to note, that the mining operator does not extract minerals from the sub-site because they do not hold a permit for the type of mineral present on the site. UN Security investigations were ongoing to identify the armed men and if there was any affiliation with a non-state armed group. The investigation found that the armed men may be affiliated with a newer politically affiliated group that was emerging in the region.

Forced Labor, Gender, Legal Transparent Tax Paying had no reported incidents during the reporting period.

## STEP 3: RISK MANAGEMENT

Better Mining drives risk management through the following process: Corrective Action Plans (CAPs) are issued on an ongoing, monthly basis to stakeholders at the mine sites under monitoring, with unique corrective actions assigned to each relevant stakeholder for implementation. CAPs are continuously updated based on risk information recorded by the Better Mining monitoring agents working on the sites, as well as the local Better Mining project teams. Better Mining issues good practice aligned CAPs most appropriate for the site context and the specificities of each supply chain.

Better Mining evaluates CAPs to be 'implemented', 'in progress', or 'not started' monthly, in turn, based on a thorough review of implementation evidence, including documentation, statistics, government letters, or monitoring of implementation by the Better Mining monitoring agents and the Better Mining project teams. Progress on CAPs implementation is the primary indicator for Better Mining reporting to downstream buyers and Better Mining supporting companies that a supply chain meets continuous improvement requirements.

## ANNEX II RISK MITIGATION ANALYSIS

Across the 29 ASM sites in scope and in response to the 42 incidents registered relating to OECD Annex II risks, Better Mining has recommended 58 corrective actions during the reporting period.

The progress of these corrective actions is demonstrable impact and is summarized below:

Figure 6: CAP implementation progress per risk category



Figures 6 shows the CAP implementation progress across the identified risk areas. At the end of the reporting period, there has been good progress and all categories have at least some CAPs implemented.

It is important to consider that corrective actions that were recommended towards the end of the reporting period mostly remain under a not started status as insufficient time for their implementation had passed at the end of the reporting period covered in this report.

The graphs also highlight the following:

### Human Rights

- **Worst Forms of Child Labor** The majority of WFCL mitigation actions have been implemented (17 out of 24). Examples of implemented actions include, but are not limited to, increasing security presence, and monitoring for children on inactive sites, hiring a teacher to visit surrounding schools to raise awareness on the dangers of children mining, engaging with local authorities, requesting local churches to raise awareness around child labor issues, and circulating a memo to all pit leaders instructing them to report any cases of child labor. Additional actions completed involved government engagement such as engaging with relevant authorities on the issue of child labor and engaging with the relevant national government ministry on how to eliminate the presence of children on mine sites.
- With 17 completed, four out of 24 mitigation actions remain in progress. Better Mining has recommended the mining operator to install signposts on site indicating that children are forbidden from entering and increase monitoring on inactive sites including intervention if child labor is identified.
- Three actions have not been started. One of these actions was assigned in the last month of the reporting period and has not had sufficient time for implementation. This action is organizing weekly meetings with a pit chief, and mineral traders to communicate the illegality of child labor. One action is in relation to a site that is no longer in the Better Mining program and the other is disseminating a communications campaign on local radio stations to inform the public about the dangers of children engaged in mining.
- 2 out of 6 **Torture, Cruel and Inhuman Treatment** recommended actions were completed by the end of the reporting period. Both implemented actions addressed the risk of excessive force and were completed in the previous reporting period.
- The 4 CAPs remaining in progress include organizing a joint training for security forces and mining police

on appropriate use of force, training on the Voluntary Principles on Security and Human Rights and requesting support from a local organization to deliver a workshop on basic legal rights. The final mitigation action is connected to an isolated incident of arbitrary detention. The action requests a meeting with the relevant public security authority to request justification for the unlawful arrest.

### Legality/Legitimacy risk category

- Over half of CAPs related to the **Corruption/Bribery** risk are complete (5 out of 9). These actions were implemented in the previous reporting period. During this period, there has been no change in implementation status. The remaining actions include developing an anti-corruption and anti-bribery policy, in addition to reporting corrupt behavior of state agents to the agency in charge of fraud and corruption on a single mine site. Due to a slow response rate from state agencies, Corruption/Bribery related corrective actions involving government engagement have not made significant progress.
- The four actions falling under the **Transparency/Reporting** risk were all completed by Q2. Better Mining encouraged all operators and exporters to make an OECD Step 5 aligned annual report on due diligence available to the public, including through the **Better Mining website**.
- The **Money Laundering** risk was identified at the end of the previous reporting period at a single mine site, and therefore has one mitigation action issued which has been implemented within this period. Although no new incidents were recorded under the money laundering risk in the current timeframe, the corrective action in response to the identified risk in the previous period remained in progress until it was completed in Q2. This action requested the mining operator to pay miners using mobile or electronic payments as opposed to cash payments. Miners are now receiving payments using mobile payments.



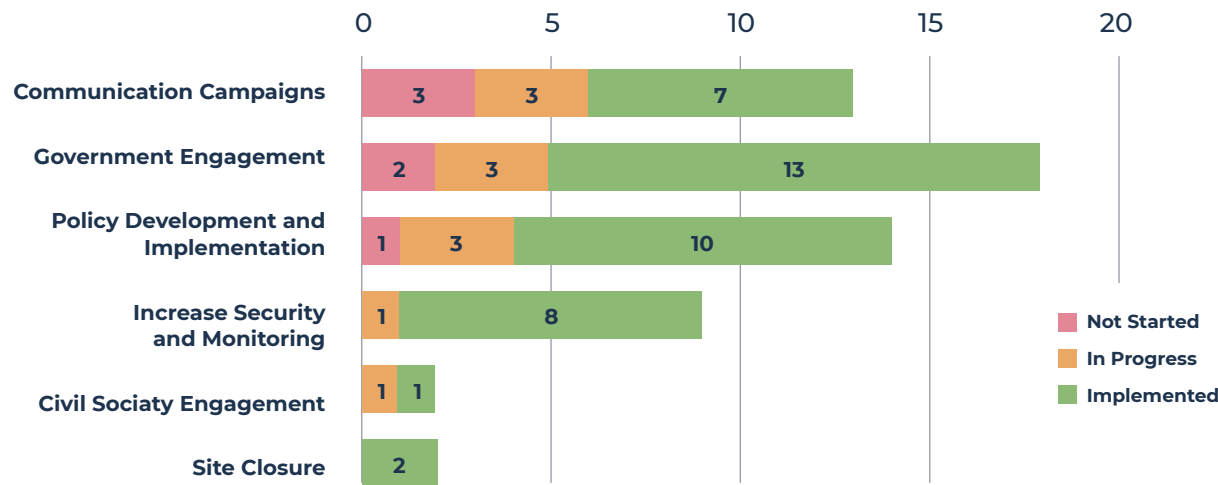
### Security risk category

- One action has been recommended to address a risk of **International Humanitarian Law**, identified in the previous reporting period.. This action requests the mining operator to complete background checks on all employees. The status remains in progress as the mining operator lacks the resources to conduct comprehensive background check of all employees. The CAP has been adjusted to recommend finding an affordable approach and only completing comprehensive background checks on senior staff. Like the Money Laundering risk, no new incidents of International Humanitarian Law were recorded in this reporting period.
- All mitigation actions for **Public or Private Security Forces** have been implemented (8 out of 8). 5 of these suggested actions were in response to a Critical Breach incident recorded in August 2021. The incident triggered an increase in risk level and immediate suspension of Better Mining monitoring and traceability services on the affected site. The incident involved public security forces implicated in mining activities (including mineral trade). Better Mining issued 5 CAPs with accelerated timelines. The actions included providing an official statement, signed by the State Technical Service for ASM Activities, Provincial Ministry of Mines, Better Mining, and the Mining Operator, declaring no minerals from the affected site contaminated the monitored supply chain, and requesting an investigation from the Military Prosecutor into the presence of non-mandated public security forces on the affected mine site and these force's involvement in mining activities. Better Mining also required the operator to provide evidence of the arrest of the public security officers involved in the incident and to communicate with the relevant government authorities including but not limited to Military Prosecutor, Ministry of Justice, and Ministry of Mines on the incident and requesting support to ensure there are no non-mandated public security forces on site. The final actions assigned required evidence of the removal of any non-mandated public security forces from the affected site.
- The above actions were implemented, and the site remained closed from September 2021 to October 2021. Better Mining conducted a supply chain evaluation to ensure the site was in conformance with the OECD Due Diligence Guidance and the Better Mining Standard before reinstating site monitoring and digital traceability.
- All **Non-State Armed Groups** actions have been implemented (4 out of 4). The 3 CAPs issued in this reporting period relate to a critical breach incident in November 2020. The incident described above, involved violent clashes between armed men and public security forces on an inactive sub-site not included in any of Better Mining's monitored supply chains. In

response to this incident, Better Mining suspended and ceased monitoring and traceability activities on the affected mine site, in which the sub-site falls under, until all mitigation actions were completed, and a site evaluation was conducted to ensure the risk was remediated. The mining operator was requested to send an urgent letter to security authorities on the current security crisis on the mine site. The letter requested the immediate action from the military, provincial authorities, national police, and provincial ministry. Additionally, it was recommended to cooperate with the provincial authorities to send an urgent letter to MONUSCO requesting support. All actions were implemented within the assigned timeframe. The site remained closed until an evaluation was conducted confirming the site was in conformance with the OECD Due Diligence Guidance and the Better Mining Standard.

Security incidents are met with very careful monitoring of the situation in consultation with local stakeholders. This type of early warning and ongoing monitoring allows for flexible responses. The Government is the ultimate authority responsible to handle security sector related risks, whereas the United Nations have a specific mandate to investigate security sector-related risks. Better Mining's approach is to closely collaborate with the actors who have a formal mandate in the security sectors. This enables credible reporting of risks, while it crucially also protects the personal safety of our staff.

Figure 7: CAP implementation per type of mitigation action



**Figure 7** shows the implementation progress of mitigation actions based on the type of recommended action. Recommended actions for Annex II risks can be placed in 6 categories comprised of Communication campaigns, Government Engagement, Civil Society Engagement, Policy Development and Implementation, Increased Security and Monitoring, and Site Closure.

**Government Engagement** was the most prevalent type of corrective action assigned during this reporting period (17) and with the most actions marked as implemented (13). This group includes sending letters and requests, holding meetings, and workshops with relevant government stakeholders. Only 2 mitigation actions remain not started. Both actions were assigned to a site that is no longer in the Better Mining program.

**Policy Development and Implementation** made significant progress during this reporting period. Only 1 action has not been started and 3 actions are in progress. The remaining actions request operators to develop and implement an anti-corruption policy, conduct background checks on new staff, and training on Voluntary Principles on Security and Human Rights for all security staff, and a Child Labor policy.




**Communications Campaigns** has the most CAPs not started (3). CAPs remaining include holding a meeting on illegal payments, organizing a weekly meeting on site to raise awareness around child labor and disseminating messages on mitigating child labor broadcasted on local radio stations.

All CAPs except one, recommending increased security and monitoring have been implemented. Throughout the reporting period, mining operators on multiple sites have significantly increased the number of security agents and monitoring on site, particularly on inactive sites.







**Site Closure** was assigned in response to two critical breaches during the reporting period. The sites reopened once operators provided sufficient evidence of conformance with the OECD Due Diligence Guidance and Better Mining Standard.

## Critical Breach Mitigation

The tables below show Critical Breach corresponding mitigation actions. All CAPs related to security-critical breaches have been implemented. **It is important to note that the below actions were assigned to individual sites, explaining why some actions are repeated.**

Non-State Armed Group	
Corrective Actions	Status
Suspension and cease of mining activities at the affected mine site until full Better Mining evaluation declares the site free of security risks and until security in the area is restored by public security forces.	Implemented  (November 2020)
Send an urgent letter to the relevant Government authorities regarding the current security situation at the affected mine site. This letter should request immediate action from these authorities to establish security at the affected mine site, as one precondition for legitimate mining activities to resume.	Implemented  (December 2020)
The authorities to be contacted must include at a minimum: <ul style="list-style-type: none"> <li>• National Military</li> <li>• Provincial Ministry of Mines</li> <li>• Mining Police Authorities</li> <li>• Provincial Authorities</li> </ul>	
Cooperate with the Government authorities in sending an urgent letter to MONUSCO requesting a temporary deployment of MONUSCO forces on the mine site.	Implemented  (January 2021)

Public or Private Security Forces	
Corrective Actions	Status
Mining Operator to immediately suspend all activities on the affected mine site, to remove the affected mine site from the monitored raw materials supply chain originating from the affected mine site. Cease any purchasing of monitored raw materials from the affected mine site and cease operations at the affected mine site's minerals depot.	Implemented  (September 2021)
Provide an official statement, signed by the State Technical Service for ASM Activities, Provincial Ministry of Mines, Better Mining, and the Mining Operator, declaring no minerals from the affected site entered the monitored supply chain.	Implemented  (December 2020)
Request an investigation from the Military Prosecutor into the presence of non-mandated public security on the affected mine site and the public security's involvement in mining activities.	Implemented  (September 2021)
Provide evidence of the arrest of the public security officers implicated in mining activities.	Implemented  (September 2021)
Communicate with the relevant Government authorities including but not limited to Military Prosecutor, Ministry of Justice, and Ministry of Mines on the incident and requesting support to ensure there is no non-mandated public security on the affected mine site.	Implemented  (September 2021)
Request military authorities to intervene and provide evidence of all non-mandated public security forces having been removed from the affected mine site.	Implemented  (September 2021)

Worst Forms of Child Labor (WFCL)	
Corrective Actions	Status
Draft and implement disciplinary measures for pit leaders who are found to engage children for work.	Implemented  (December 2020)
Engage with the local radio channels to implement a communication campaign that children are not allowed on mine sites.	Not Started 
Hire a teacher to visit local schools to raise awareness around the dangers of children engaging in mining activities.	Implemented  (August 2021)
Increase monitoring on inactive sites, immediately removing children found on the affected site and reporting to local authorities.	Implemented  (August 2021)
Engage with the relevant government authorities to devise a plan on how to eliminate the presence of children at the affected mine site.	Implemented  (December 2020)
Engage with local authorities such as village chiefs on the issue of WFCL. Village chiefs should speak to all pit leaders across the affected mine site about the severity and illegality of WFCL and communicate the new disciplinary measures implemented at the affected mine site.	Implemented  (January 2021)
Distribute a communication to the local churches asking them to communicate and raise awareness about the dangers of child labor. This communication should also alert the communities of the new disciplinary measures implemented at the affected mine site.	Implemented  (January 2021)
Instruct security patrols to pay attention to children at the mine site and intervene with pit leaders that use child labor. Instruct security patrols to report child labor incidents in daily security reports.	In Progress 
Install new signposts on Mine Site 1, Mine Site 2, and Mine Site 3 (in local language and pictograms) communicating that children are not allowed at the affected mine site.	In Progress 
Circulate a memo to all pit leaders instructing them to report any child present on the affected site immediately to mining police and the mine operator.	Implemented  (July 2021)
Increase monitoring and security patrols for child labor on the affected site, including on inactive or inactive sections of the affected mine sites.	Implemented  (November 2020)
Organize weekly meetings with all pit chiefs, mineral traders as well as all traders working on the affected site to make it clear that it is strictly forbidden to use children on the site.	Not Started 
Conduct workshops with local community to inform about the dangers of mine sites and the illegality of children's presence at the affected site. (If possible organized by or in cooperation with civil society).	In Progress  (Delayed due to COVID-19 restrictions)
In cooperation with Mining Authority and local authorities, assess the root causes of child labor on the affected site and devise a joint action plan.	In Progress  (Delayed due to COVID-19 restrictions)



Figure 9: Overall CAP implementation status

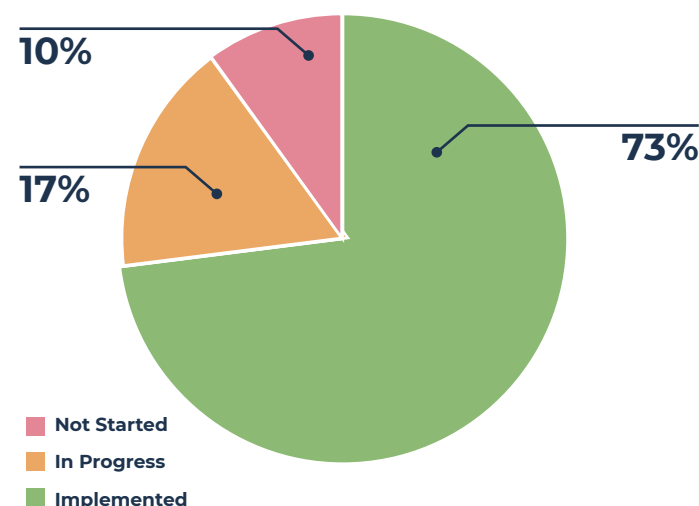


Figure 9 shows the overall implementation status across all sites and all Annex II risks by the end of the reporting period.

For the reporting period 90% of CAPs have either been implemented or are in progress of implementation, which is an encouraging sign that local actors respond well to Better Mining and its CAP process and are committed to demonstrating continuous improvement to the market.

10% of CAPs remain not started. The reasons are multi-fold and are explained in the subsequent combined section “Barriers to CAP Implementation”.

## BARRIERS TO CAP IMPLEMENTATION

When discussing and reviewing CAPs implementation at the site, Better Mining seeks to also understand and record barriers to implementation of recommended CAPs. Common barriers communicated by both mining cooperatives and other local stakeholders to Better Mining are:

### COVID-19 limitations

Covid-19 has continued to have had an impact during the reporting period, including:

- Continued challenges and restrictions on gatherings have affected the regularity of CAP review meetings.
- Slowdown of economic activity due to COVID-19 has also affected the number of miners on site and therefore CAPs focused on capacity building may have been less effective as the audience reached is smaller.
- School closures due to COVID-19 have significantly increased WFCL risks.

### Financial and technical barriers

Upstream actors in the ASM space have limited funding and technical capacity to implement those CAPs that require significant investment.

### Cultural norms

Many ASM sites have long operated informally. Certain corrective action recommendations may require a longer timeframe to fully implement at an ASM site that is unfamiliar with formalization efforts and expectations. This includes implementing policies and changing the acceptance of poverty-driven child labor and illegal taxation.

### Short-term financial view

ASM can be both a poverty-driven activity and poverty-alleviating activity. Artisanal miners respond to financial incentives and often hold a short-term view. Proposed changes to the supply chain structure can meet resistance. This means incentives can conflict and miners can grow frustrated or corrective actions can be resisted.

### Miners’ mobility

Artisanal miners frequently move between mine sites in search of the higher prices paid for the material they produce. This is an additional challenge to effective CAP implementation, particularly CAPs related to trainings and capacity building.

Upstream actors require financial and strategic support from downstream and other stakeholders to effectively implement complex or significantly capital-intensive corrective actions recommendations.

## STEP 4: AUDIT

Better Mining’s process has been independently assessed and found to be aligned with the requirements of the OECD Due Diligence Guidance. A [third-party OECD Alignment Assessment](#) evaluated Better Mining against the criteria set out by the Responsible Mineral’s Initiative for Upstream Assurance Mechanisms. The scope of the audit included 3T monitored sites in Rwanda and the DRC.

The timeframe for the 3T sites was September 2018 to September 2019 for Rwanda and the DRC assessment covered January 2019 to January 2020. Better Mining was found to be meeting the standards to be considered a Level

1: Full Recognition Upstream Assurance Mechanism. The standard, implementation and governance of Better Mining was found to be fully aligned with the OECD Due Diligence Guidance.

Furthermore, in DRC, Better Mining is currently completing the OECD Due Diligence Guidance alignment assessment for recognition by the Responsible Minerals Initiative (RMI) as an Upstream Assurance Mechanism for Copper-Cobalt. Better Mining is currently implementing its solution on 11 cobalt and/or copper ASM sites in the DRC.

## CONCLUSIONS

This report provides evidence that data-driven risk management can drive improvements towards more responsible ASM, which, in turn, is an important factor enabling a greater volume of responsibly sourced ASM materials to enter global markets. Better Mining’s approach across multiple minerals and geographies demonstrates how a systematized, consistent approach to monitoring and risk mitigation can be effectively replicated and scaled.

The approach also embeds a positive cycle of improvement. In this case, Better Mining successfully supports local ASM actors to achieve continuous improvement, which manifests itself in the positive CAP progress registered across the sites in scope.

Overall, the approach represents a critical part of the solution to the challenge of ASM formalization and continuous improvement.

From a downstream perspective, the Better Mining process opens tangible and concrete opportunities for companies and other stakeholders to:

- support the implementation of the Better Mining program through financial and strategic partnerships.
- benefit from increased transparency and due diligence reporting to ensure positive improvement of supply chains and the mining communities at their source.

The challenge now is securing sufficient external support, active participation, and funding required to deepen implementation at the sites in the program and scale Better Mining beyond the 48 ASM mine sites in scope (2021).

As highlighted at the start of this report, the Better Mining approach represents a ‘win-win’ scenario: improving due diligence and assurance processes; and improving conditions for those involved in and around ASM mines.

There are several ways your company or organization can get involved in the Better Mining Program. For more information, please refer to the [RCS Global website](#).











## ANNEX I: INCIDENTS AND RISKS DATA

1. INCIDENT DESCRIPTION				
Date	Incident Category	Incident Indicator	Incident Detailed Indicator	Incident Description
09-Nov-2020	Conflict	Non-State Armed Groups	Confrontation between army and armed group	Violent clashes between armed men and security forces at the Sub-site of the Name Mine Site. A group of armed men attacked the positions of Mining Police elements stationed in the Mine Site area and managed to force the Mining Police to retreat from the site. The armed men were then able to extract tourmaline all day until around 8:00 PM. and were also able to control villages near the mine site. The police returned later with the support of the national military which led to an exchange of gunfire. The mining police and national military succeeded in forcing the armed men to retreat from the mine. Outcome: three (3) deaths were reported on the side of the armed men. Investigations later showed the group was affiliated with an organized armed group that was beginning to form in the area.
15-Nov-2020	Legality	Other (Legality)	Other legality-related incident	During the July 2020 supply chain evaluation it was found that the established company policies do not provide sufficient anti-money laundering provisions.
25-Nov-2020	Transparency	Reporting	Insufficient reporting on due diligence	No recent Annual Report on Due Diligence activities has been published.
30-Nov-2020	Transparency	Reporting	Insufficient reporting on due diligence	No recent Annual Report on Due Diligence activities has been published.
14-Nov-2020	Human Rights	Child Labor	Children (U18) crushing /sieving /washing ores	On 14 November 2020, during routine monitoring at the currently closed Name Mine Site, the monitoring team observed many children participating in illegal mining by sluicing and transporting mineralized material. The children stated that they came with their parents.
30-Nov-2020	Transparency	Documentation	Missing supply chain document(s)	No recent Annual Report on Due Diligence activities has been published. No Supply Chain policy is publicly available.
21-Nov-2020	Human Rights	Child Labor	Children (U18) engaged in worst forms of child labor (underground/ underwater work)	On 21 November 2020 around 10:00AM, 3 illegal miners Name 1 (18 years), Name 2 (19 years), Name 3 (15 years) were caught in a mine collapse while mining in an illegal tunnel within the concession. One miner died on the spot, while another (Name 2) was seriously injured on his leg while the third (Name 3) was rescued without injury.
21-Dec-2020	Legality	Illegal Taxation	Illegal taxation by state agents	Mining police demanded from the pit managers the payment of a sum of 5000 local currency for non-productive pits and 10,000 local currency for productive pits in the Name Mine Site.
30-Dec-2020	Transparency	Reporting	Insufficient reporting on due diligence	No recent Annual Report on Due Diligence activities has been published.
31-Jan-2021	Transparency	Reporting	Insufficient reporting on due diligence	No recent Annual Report on Due Diligence activities has been published.
31-Jan-2021	Transparency	Reporting	Insufficient reporting on due diligence	No recent Annual Report on Due Diligence activities has been published.
31-Jan-2021	Transparency	Reporting	Insufficient reporting on due diligence	No recent Annual Report on Due Diligence activities has been published.

2. INCIDENT & RISK ANALYSIS DATA			
Incident Score	Incident Score Category	Risk Category	Risk
25	 Critical Breach	Security	Non-State Armed Groups
15	 High	Legality/ Legitimacy	Transparency/ Reporting
15	 High	Legality/ Legitimacy	Transparency/ Reporting
15	 High	Legality/ Legitimacy	Transparency/ Reporting
20	 Very High	Human Rights	Worst Forms of Child Labor (WFCL)
15	 High	Legality/ Legitimacy	Transparency/ Reporting
25	 Critical Breach	Human Rights	Worst Forms of Child Labor (WFCL)
16	 High	Legality/ Legitimacy	Corruption/ Bribery
15	 High	Legality/ Legitimacy	Transparency/ Reporting
15	 High	Legality/ Legitimacy	Transparency/ Reporting
15	 High	Legality/ Legitimacy	Transparency/ Reporting
15	 High	Legality/ Legitimacy	Transparency/ Reporting



1. INCIDENT DESCRIPTION				
Date	Incident Category	Incident Indicator	Incident Detailed Indicator	Incident Description
04-Feb-2021	Human Rights	Child Labor	Children (U18) engaged in worst forms of child labor (carrying heavy loads)	At Name Mine Site, on 4 February 2021 around 11:00 AM, Mining Operator Forest and Agronomist Acting Officer was conducting an environmental inspection and saw illegal miners using children to transport mineralized material for sluicing in Name River.
25-Feb-2021	Human Rights	Child Labor	Children (U18) crushing /sieving /washing ores	On 25 February 2021 at 11:50PM in Name Village, two children Name (14 years) and Name (17 years) were caught by soldiers who were on night patrol. The children were sluicing the material in order to get minerals in an area located within the concession. They had spades and jerrycans. They were taken to the police station.
15-Mar-2021	Conflict	Military Forces	Illegal army presence at mine site	Presence of 12 soldiers on the Mine Site. The soldiers were the security escort that were accompanying the Cooperative delegation that went to visit the site on 15 March.
12 -Mar-2021	Human Rights	Child Labor	Children (U18) engaged in worst forms of child labor (underground/ underwater work)	On 12 March 2021, around 10:30AM the Better Mining monitor saw around 5 children mining on a closed mine site during his visit at Name Mine Site.
07-Apr-2021	Legality	Illegal Taxation	Illegal taxation by state agents	Name, Commissioner of Mining Police in Mining Area in collaboration with his second officer, Name, allow night work to take place on Name Mine Site by requiring a sum of 150,000 local currency per pit chief and 300,000 local currency for each washing station that are active during the night. The two police chiefs order mining police including Name 1, Name 2 and Name 3 to protect the night workers while they work on site.
17-Apr-2021	Legality	Illegal Taxation	Irregular taxation or payments	Week of 12 to 16 April: Two mining police and their three bosses charge 150,000 local currency per night to pit chiefs as "authorization fees" to allow the pit chiefs and miners to work at night to extract mineralized material and 300,000 local currency per night to wash the materials.
19-Apr-2021	Human Rights	Child Labor	Children (U18) engaged in worst forms of child labor (underground/ underwater work)	On 19 April 2021 at 1:45PM, a girl called Name (16 years) was trapped by a fallen piece of land and died on the spot when she was digging on the land of Name (35 years). The land is located on Name closed site but not near where Mining Operator is operating. Security is not deployed on this area since the land does not belong to Mining Operator. The body was taken to Town Hospital for autopsy.
30-Apr-2021	Human Rights	Other (Human Rights)	Other gross human rights violations	Security personnel are not trained on Voluntary Principles on Security and Human Rights.
21-Jun-2021	Human Rights	Child Labor	Children (U18) crushing /sieving /washing ores	Presence of a young boy (14 years) washing minerals at the washing basin on Mine site.
09 Jul-2021	Legality	Bribery / Corruption	False declaration on the type of material	False declaration on the minerals produced at the Sub-site 1, Sub-site 2, Sub-site 3, Sub-site 4 and Sub-site 5 of the Name mining site on Concession Name, by agents of the state services, who declare these minerals as coming from mining sites covered by Mine Site.

2. INCIDENT & RISK ANALYSIS DATA			
Incident Score	Incident Score Category	Risk Category	Risk
25	 Critical Breach	Human Rights	Worst Forms of Child Labor (WFCL)
20	 Very High	Human Rights	Worst Forms of Child Labor (WFCL)
16	 High	Security	Public or Private Security Forces
25	 Critical Breach	Human Rights	Worst Forms of Child Labor (WFCL)
16	 High	Legality/ Legitimacy	Corruption/ Bribery
9	 Moderate	Legality/ Legitimacy	Corruption/ Bribery
25	 Critical Breach	Human Rights	Worst Forms of Child Labor (WFCL)
12	 High	Human Rights	Torture, Cruel & Inhumane Treatment
20	 Very High	Human Rights	Worst Forms of Child Labor (WFCL)
12	 High	Legality/ Legitimacy	Corruption/ Bribery

1. INCIDENT DESCRIPTION				
Date	Incident Category	Incident Indicator	Incident Detailed Indicator	Incident Description
09-Jul-2021	Legality	Illegal Taxation	Payments to illegitimate actors in the supply chain	Cooperative agents including Name 1 and Name 2, demanded a sum of 2,000 local currency for each pit and washing basin in activity at the Sub-site 1, Sub-site 2 and Sub-site 3.
16-Jul-2021	Legality	Illegal Taxation	Payments to illegitimate actors in the supply chain	A group of Cooperative agents including Name 1, Name 2 and Name 3, make miners pay a sum of 2,000 local currency for each well and washing basin in operation each day. This charge is called a security charge. It is collected at the Sub-site 1, Sub-site 2 and Sub-site 3, located in the vicinity of 800m from the Mine Site in the Mining Area. These Cooperative agents have a daily payment register which they complete every day. The money collected goes to Name 1a of Cooperative who in turn reports to Name 2a, the current head of all Cooperative activities at the Name mine site.
16-Aug-2021	Human Rights	Child Labor	Children (U18) engaged in worst forms of child labor (underground/ underwater work)	Presence of about five children digging for minerals in Name's pit located at the Sub-site.
11-Aug-2021	Human Rights	Child Labor	Children (U18) crushing /sieving /washing ores	Presence of a girl between 15 and 16 years old washing minerals in Name's washing basin, located at the Name yard.
20-Aug-2021	Human Rights	Child Labor	Children (U18) engaged in worst forms of child labor (carrying heavy loads)	Presence of two children whose age varies between 12 and 14 years emptying the water in the washing basin of Name on Name Mine Site.
03-Aug-2021	Conflict	Military Forces	Army involved in mineral trade	Better Mining evidence triangulation has confirmed the presence of military officers directly involved in mining activities on the Sub-site of Mining Concession. Two Military officers, Mr. Name 1, and Mr. Name 2, reportedly of the Unit, are implicated in directly financing mining activity at night and on weekends at the Site 1, Site 2 and Site 3 work sites on the Sub-site of Mining Concession. Evidence collected indicates this activity was ongoing from 21-06-2021 to 23-08-2021. This incident occurred in the context of an increase in risks related to illegal mining activity on Sub-site, first registered in Better Mining data in March 2021. The critical breach incident was first reported in the Better Mining system in August, 17 2021, after Better Mining agents received evidence through civil society reports and conducted further enquiries. The allegations were verified through additional written evidence, as well as interviews with state agents, including from Government Department and Government Department.
02-Sept-2021	Human Rights	Child Labor	Children (U18) crushing /sieving /washing ores	Presence of two young girls whose age varies between 12 to 14 years separating the ore from minerals at the washing basin of Name in the Name Mine Site.
07-Sept-2021	Human Rights	Child Labor	Children (U18) crushing /sieving /washing ores	Three children aged between 15 and 17 years wash the minerals at the washing basin of Name at the Name Mine Site.
08-Sept-2021	Human Rights	Public or Private Security Forces	Excessive force	At 9:00 AM, the mining police commander detached to Mining Concession, Name 1, came to meet Name, the landlord of the upstream assurance provider staff accommodation, at his home on Address, 50m from Mining Town center. Name 1 tried to intimidate Name 2 by accusing him of illegally housing the upstream assurance provider staff under the pretext that they were spies of the Mining Operator. This event took place the day before the arbitrary and subsequent release of the upstream assurance provider staff by the mining police.

2. INCIDENT & RISK ANALYSIS DATA			
Incident Score	Incident Score Category	Risk Category	Risk
16	High	Legality/ Legitimacy	Corruption/ Bribery
16	High	Legality/ Legitimacy	Corruption/ Bribery
25	Critical Breach	Human Rights	Worst Forms of Child Labor (WFCL)
20	Very High	Human Rights	Worst Forms of Child Labor (WFCL)
25	Critical Breach	Human Rights	Worst Forms of Child Labor (WFCL)
25	Critical Breach	Security	Public or Private Security Forces
20	Very High	Human Rights	Worst Forms of Child Labor (WFCL)
20	Very High	Human Rights	Worst Forms of Child Labor (WFCL)
20	Very High	Human Rights	Torture, Cruel & Inhumane Treatment



1. INCIDENT DESCRIPTION				
Date	Incident Category	Incident Indicator	Incident Detailed Indicator	Incident Description
09-Sept-2021	Human Rights	Public or Private Security Forces	Arbitrary detention	Arbitrary detention of three upstream assurance provider staff including Name 1, Name 2 and Name 3 by elements of the mining police living in the town of Name on Mining Concession. They were falsely accused by Name responsible for Mine Site 1 represented by Name of Mine Site 1 for spying on Mine Site 1's activities and illegal residence on his concession. The mining police received the order from Name, commander of the mining police to immediately arrest the upstream assurance provider staff who spent 2 hours locked in a detention at their office, deprived of the right to eat and to communicate (telephones and other work tools) before their release.
16-Sept-2021	Human Rights	Child Labor	Children (U18) engaged in worst forms of child labor (underground/ underwater work)	A 14 year old child was digging for minerals in Name's pit located at the sub-site.
17-Sept-2021	Human Rights	Child Labor	Children (U18) engaged in worst forms of child labor (underground/ underwater work)	A 16 year old child named Name digs in the pit of Name at the Name Mine Site.
17-Sept-2021	Human Rights	Public or Private Security Forces	Excessive force	Excessive and unjustified use of force by a mining police officer on detachment from Mining Concession who shot a woman in the leg in the village located around 3km from Name Mine Site.
11-Sept-2021	Human Rights	Child Labor	Children (U18) engaged in worst forms of child labor (underground/ underwater work)	On 11 September 2021 around 5:00PM at Name Mine Site, Mining Operator security confronted a group of 8 illegal miners, including a 13 year old child. The child was not seen engaged in active mining activities, however, they were on the closed site with illegal miners when security found them. Security chased the illegal miners and the child fell behind. Mining Operator security attempted to get the names of the child's parents, but the illegal miners returned and attacked the security guard breaking his arm. The child ran away with the group of illegal miners.
20-Sept-2021	Human Rights	Child Labor	Children (U18) crushing /sieving /washing ores	Two 12-14 year old children washing minerals at the Name Mine Site washing basin.
15-Sept-2021	Conflict	Military Forces	Illegal army presence at mine site	Presence of an army officer in civilian clothes, Name, from the military intelligence office, at the Sub-site. He came to collect his debt from a digger.
07-Oct-2021	Human Rights	Child Labor	Children (U18) crushing /sieving /washing ores	Presence of three children whose age varies between 10 and 12 years washing the ores at the Sub-site.
11-Oct-2021	Human Rights	Child Labor	Children (U18) crushing /sieving /washing ores	A child aged between 13 and 14 years washes material waste in the washing basin belonging to Name at the Sub-site of Mine site.
27-Oct-2021	Human Rights	Child Labor	Children (U18) engaged in worst forms of child labor (underground/ underwater work)	Two children between 12 and 15 years old work in the pit of Name at sub-site.

2. INCIDENT & RISK ANALYSIS DATA			
Incident Score	Incident Score Category	Risk Category	Risk
20	Very High	Human Rights	Torture, Cruel & Inhumane Treatment
25	Critical Breach	Human Rights	Worst Forms of Child Labor (WFCL)
25	Critical Breach	Human Rights	Worst Forms of Child Labor (WFCL)
20	Very High	Human Rights	Torture, Cruel & Inhumane Treatment
25	Critical Breach	Human Rights	Worst Forms of Child Labor (WFCL)
20	Very High	Human Rights	Worst Forms of Child Labor (WFCL)
16	High	Security	Public or Private Security Forces
20	Very High	Human Rights	Worst Forms of Child Labor (WFCL)
20	Very High	Human Rights	Worst Forms of Child Labor (WFCL)
25	Critical Breach	Human Rights	Worst Forms of Child Labor (WFCL)



**Contact RCS Global Group for more information:**  
**[contact@rcsglobal.com](mailto:contact@rcsglobal.com)**

All written content, graphics and photography in this document have been produced and are owned by RCS Global Ltd 2022. All rights reserved.

**[www.rcsglobal.com](http://www.rcsglobal.com)**