iTSCi joint industry traceability and due diligence programme
Large scale implementation of the global iTSCi Programme supports the central African region

iTSCi assists >1,300 mine sites in Burundi, DRC and Rwanda and >80,000 miners. With perhaps an equal number of other associated workers, and 5 dependents per worker, the Programme is relied on by ~1 million people. They do not face threat, force, or abuse and the tin, tantalum and tungsten they produce does not fund conflict. This is possible due to international downstream companies sourcing conflict free minerals through iTSCi and CFSP.

iTSCi provides a unique opportunity for companies, governments, civil society and donors to unite in support of a joint mechanism which delivers results. The presence of an overarching organisation is key to implementation of standards, through enabling resources and systems to achieve a common vision, while avoiding multiple certifications, variations and costs.

iTSCi has >250 member companies, in >35 countries including all major 3T smelters.

iTSCi has 3 phases, collecting documents, implementing due diligence and traceability, and finally improving the circumstances of artisanal mining. The Programme is enabling new investment in the mining sector, and is now addressing beyond conflict to address child labour and health and safety issues.

iTSCi creates many positive impacts such as;
• Improved governance and formalisation
• Increased formal tax revenues
• Fair international prices for minerals
• Unique statistics on artisanal mining
• Opportunities to address safety
• Economic multiplier effects in the community

iTSCi tracked >18,000 tonnes of 3T mineral in 2014, including 92% of all cassiterite produced in central Africa. The region benefited by earnings of 330 million USD in 2014. As iTSCi grows, potential earnings grew at 23% in 2014.
**FOREWORD**

Enabling responsible trade of 3T minerals from high risk areas – creating opportunity for economic growth through improved governance

The iTSCi Programme is the joint industry solution for conflict issues related to the ’3T’ minerals (tin, tantalum and tungsten). Initiated prior to many international policies and regulations such as Dodd Frank, we benefit from extensive practical experience but remain flexible and to adapt to new circumstances and expectations.

ITSCi, the joint industry association, became aware of conflict related issues in the Democratic Republic of the Congo (DRC) during the mid-2000’s and committed to address these concerns through formation of an ITRI Working Group in 2008. This resulted in the formalisation of the (ITSCi) Membership Programme for due diligence and traceability in 2011, which is now implemented together with the Tantalum-Niobium International Study Center (T.I.C.). Both ITRI and T.I.C. are non-profit organisations and ITSCi is implemented at cost.

The joint approach ensures effective application of common standards based around OECD guidance for due diligence which helps prevent multiple audits and visits to operators by customers from different tiers in the supply chain, and avoids confusion and administration of multiple systems. ITSCi also provides a mechanism for supply chain information exchange and transparency that recognises business confidentiality, while encouraging continued sourcing by downstream companies, and continued access to international markets, economic and social development for miners in developing regions. Minerals traded by members of ITSCi are received by smelters participating in the Conflict Free Smelter Program (CFS) with whom we work closely. We hold a number of Memoranda of Understanding including with the Governments of Burundi, the Democratic Republic of the Congo, and Rwanda, as well as the International Conference of the Great Lakes Region (ICGLR). All our activities are carried out in partnership with governments and in co-operation with local partners, including NGOs, whenever possible in order to contribute to improving long term governance, as well as the circumstances of mining, which will lead to stability and opportunity for investment and growth.

The diagram opposite (ITSCi joint industry overview) illustrates how ITSCi co-operates with downstream companies (blue) and ITSCi members (green)
HOW WE WORK WITH STAKEHOLDERS

Encouraging progress to OECD recommended due diligence by providing information, traceability, on the ground monitoring and audits

Any small or large company committed to help break the link between mineral trading and conflict, both in the great lakes region and globally, can participate in iTSCi. We help identify actors in the supply chain and explain due diligence to participants, reporting on progress of the supply chain against those recommendations.

Companies aiming to demonstrate that they are responsible become members of the Programme after submission of information on their trade history, potential links to conflict, and due diligence policies and plans, and a preliminary assessment by our independent evaluator (Step 2: company approval). Conflict-free mining areas and transport routes are confirmed by our field teams who play an important role in facilitating incident resolution by local stakeholders directly via local Steering Committees. In cases of the highest concern, such as involvement of armed groups or human rights abuses, either the mine itself, or the member company, can be suspended or expelled (Step 3: managing risks). iTSCi also has an Advisory Panel of international experts providing input.

Progress of mine sites and members is evaluated against targeted recommendations relating to OECD related themes for example by governance assessments and audits performed from time to time by our independent evaluator which helps to bring about improved due diligence practices of companies.

ITSCi joint industry traceability and due diligence programme

Multi-stakeholder participation and expertise in the iTSCi programme

The iTSCi Operator (Synergy Global Consulting) carries out preliminary audits of selected mine sites, including transport routes. The independent evaluator (Synergy Global Consulting) carries out auditing teams at the selected mine sites as well as at transport routes. The Secretariat (ITRI) contracts appropriate organisations with roles relevant to aspects of the iTSCi programme, including for data management and information exchange. Governments provide mining expertise. The governance committees chair and are involved in discussions and are chaired by Government.

Security services such as police, are also included in the programme while the independent evaluator ensures that the programme is maintained.

ITSCi has memorandum of understanding with in-region governments which set out how the memorandum will help the Programme to work, including for data and information exchange. The governance committees provide expertise. The committees are arranged by iTSCi which are chaired by Government.

The committees are involved in discussion and are chaired by Government.

The iTSCi Programme is maintained by in-region governments which work together with the Programme to ensure that it is maintained.

The Independent Evaluator (Synergy Global Consulting) carries out preliminary audits of selected mine sites, including transport routes. The independent evaluator also has an Advisory Panel of international experts providing input.

The Independent Evaluator helps to bring about improved due diligence practices of companies.
The iTSCi joint industry traceability and due diligence programme helps improve circumstances for miners.

Step 3: Identify and manage risks - iTSCi incident management and stakeholder involvement

On the ground teams of the iTSCi operator help to collect local information on risks in the mineral supply chain, to discuss with all stakeholders, and provide local input into the risk mitigation or resolution process.

The Programme supports the formation of stakeholder committees chaired by the Government and including civil society and industry members.

As a result of the incident management process iTSCi may suspend company memberships, or remove tags from mines of concern, and companies buying from any area or supplier identified to pose a high level risk may choose to disengage or encourage improvements. The Programme can also support actions by Governments to improve control of their mineral sector for the ultimate benefit of all in the community.

Annex II of the OECD Guidance provides a model supply chain policy for risks related to conflict and human rights abuses which is followed by iTSCi in the incident management system.

Serious abuses are classified as Level 1 risks for immediate reporting and attention by senior Government and Programme personnel, while lower level risks can be managed and resolved by local stakeholders.

Outcomes

Improvement

Disengagement

Sanctions

Training

Outcomes

iTSCi driven improvements

Outcomes

Local government & civil society driven improvements

Outcomes

Company driven improvements

Inform

ation

Dec

isions

and clo

cure

Response

Initial verification

Data & Information

Communicate

Companies

iTSCi Field Operator

iTSCi Secretariat

iTSCi Upstream Members

iTSCi Downstream Members

Whistle Blowers

iTSCi Data & Information

anomalies

iTSCi Audit

Recommendations

Other

Reports

iTSCi Operator

Incident Management System

OECD Annex II risks

Armed groups and security forces

Due diligence

Chain of custody

Corruption

Human rights and other concerns

Level 1

High Risk

Report immediately

Level 2

Medium Risk

Report Monthly

Level 3

Low Risk

Report Monthly

iTSCi Governance Committee

Civil Society

Government

Information

Response

Information

SOURCES OF INFORMATION

In region stakeholder group facilitated by iTSCi operator

Info returned to government

Incident report and summary
ACCESSING AND USING iTSCi INFORMATION
Providing appropriate information to stakeholders

iTSCi generates a wide range and large amount of information relating to the situation on the ground, as well as the operation of the supply chain. A great deal of this is available to the public on-line, while full details are provided to member companies to use for their own due diligence. iTSCi also protects sensitive information by holding it internally.

The most detailed information is provided by iTSCi to member companies to help them make their own due diligence assessments of their supply chain. Companies always remain responsible for making final decisions on purchasing, and for annual reporting, but benefit from the availability of information that would otherwise not exist. For example, iTSCi provides audit reports on suppliers, which in particular can use it without the need for every potential mineral purchaser auditing that same potential mineral supplier. Other ways that members receive and can use information are illustrated in the diagrams, as well as how information governments and other stakeholders also receive (Step 4 & 5: information available).

More sensitive information is stored only by iTSCi, including information on business and supplier relationships, contracts, pricing and other factors that may affect metal price. This includes commercially valuable information not appropriate to exchange within a supply chain, including its reasons of interest on competition, as well as other unverified or sensitive information relating to possible risks or sensitive sources of information, as well as that which may impact legal issues.

In general, more information is made available to the public than is expected by iTSCi guidance which recommends exchange of information only within the supply chain, together with an annual public report by each individual company. Not all information can be made public in order to protect the value of that information for the membership and prevent unauthorised use by non-members, because sustainable financing of activities would not be possible by free distribution of all information and data.

The full range of information and updates can be found at: http://itsci.org with example links shown on the inside back cover.

iTSCi provides a mechanism to stakeholders for use in their Conflict Free Smelter Programme (CFSP) audits, including iTSCi information, to consider in general when supplying their smelters. Non-commercial information also informs the governments and distribution to companies, and, at a later date to the public.
MOVING BEYOND CONFLICT

Providing opportunities to make significant social and economic difference

The extensive network of staff which iTSCi has on the ground in order to monitor the supply chain provides a unique opportunity to make even more positive difference beyond conflict by looking at child labour, safety, or business skills development in ‘phase 3’.

While resolving issues around the potential link between conflict and minerals is circumstances allow. While resolving issues around the potential link between conflict and minerals is.

An extensive network of staff which iTSCi has on the ground in order to monitor the supply chain provides a unique opportunity to make even more positive difference beyond conflict by looking at child labour, safety, or business skills development in ‘phase 3’.

While we have made a great start, much more can be done. Additional financial support of any value will help to make a difference.

We co-ordinate and work with other partners and projects wherever possible to maximise the impacts of our activities and sometimes to also benefit from funding or other support from other organisations. In the past we have welcomed donations of funds from Qualcomm (iTSCi: working with others). In the past we have welcomed donations of funds from Qualcomm (iTSCi: working with others).

While we have made a great start, much more can be done. Additional financial support of any value will help to make a difference.

We co-ordinate and work with other partners and projects wherever possible to maximise the impacts of our activities and sometimes to also benefit from funding or other support from other organisations.

While resolving issues around the potential link between conflict and minerals is circumstances allow. While resolving issues around the potential link between conflict and minerals is.

An extensive network of staff which iTSCi has on the ground in order to monitor the supply chain provides a unique opportunity to make even more positive difference beyond conflict by looking at child labour, safety, or business skills development in ‘phase 3’.

While we have made a great start, much more can be done. Additional financial support of any value will help to make a difference.

We co-ordinate and work with other partners and projects wherever possible to maximise the impacts of our activities and sometimes to also benefit from funding or other support from other organisations.
HOW iTSCI IS FUNDED AND OUR EXPENSES

A sustainable industry programme for long term regional stability

Our greatest challenge is the huge unpredictability in planning implementation of iTSCI. The mining sector is subject to mineral price, demand and production changes, and artisanal mining suffers from poor mine planning, cash availability, unreliable equipment and impacts of changes in weather. Many areas have poor infrastructure and communications and can be insecure, remote and expensive locations to work.

In early 2011, the Dodd Frank Act had been published, the Government of the DRC had implemented a mining suspension in the Kivus and Maniema, and the April 2011 Conflict Free Smelter Program deadline for traceable mineral was looming. While iTSCI highlighting the need for coordinated action and upfront funding to avoid de-facto embargo funds remained limited and we committed to implement an appropriate system in as many areas as possible within the budget available. This remains the situation today.

Our sources of funding include membership fees, payments from levies on mineral trading, fixed payment arrangements and donations. Membership fees are maintained at a low level in order to allow any upstream company to participate, while the majority of funds to cover the cost of implementation come from upstream levies. Fees are collected at a point in the supply chain most appropriate to prevailing business structures and after a final determination of metal content many weeks or months following the time of mining.

Expenses spent on implementation include the field activities of the on-the-ground teams, incident reporting and training as well as relevant items such as tags, but also relate to auditing and evaluation costs, management of the traceability data systems, administration of the membership procedures, translations and legal issues.

All iTSCI activities and expenses are driven by the expectations laid out in the OECD guidance which essentially defines the need for extensive information. Financial records are kept separately within ITRI accounting systems and discretely ring-fenced from both other ITRI managed projects and general ITRI operations.

Detailed information is available in the iTSCI Annual Review such as here: https://www.itri.co.uk/index.php?option=com_mtree&task=viewlink&link_id=55336&Itemid=11

THE FIRST FIVE YEARS OF iTSCI

Rapid progress and success with limited sources of finance

In the five year period 2010-2014 upstream industry funded 81% of the implementation cost, with donors providing 16%, and downstream industry less than 2%. During the same five year period, 77% of funds were spent on field activities, 12% on data collection and reporting, 6% on auditing, and the remaining 5% on membership and other activities.

<table>
<thead>
<tr>
<th>FUNDING TYPES</th>
<th>TOTAL 2010-2014 (inc. donors)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downstream member fees</td>
<td>0</td>
</tr>
<tr>
<td>Upstream member fees</td>
<td>2,000</td>
</tr>
<tr>
<td>Upstream mineral levy</td>
<td>4,000</td>
</tr>
<tr>
<td>Direct payments</td>
<td>6,000</td>
</tr>
<tr>
<td>Donations/other</td>
<td>8,000</td>
</tr>
<tr>
<td>Donors, field implementation</td>
<td>10,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSE TYPES</th>
<th>TOTAL 2010-2014 (inc. donors)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traceability and data</td>
<td>24,790.00</td>
</tr>
<tr>
<td>Field implementation</td>
<td>18,310.00</td>
</tr>
<tr>
<td>Independent evaluation</td>
<td>3,780.00</td>
</tr>
<tr>
<td>Secretariat</td>
<td>3,040.00</td>
</tr>
<tr>
<td>Governance Committee</td>
<td>269.50</td>
</tr>
<tr>
<td>Independent operations</td>
<td>30.51</td>
</tr>
<tr>
<td>TOTAL</td>
<td>43,410.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REPORTING YEARS</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traceability and data</td>
<td>2,479.00</td>
<td>2,630.85</td>
<td>2,504.25</td>
<td>2,506.39</td>
<td>2,503.75</td>
</tr>
<tr>
<td>Field implementation</td>
<td>1,831.00</td>
<td>1,902.85</td>
<td>1,902.25</td>
<td>1,905.39</td>
<td>1,903.75</td>
</tr>
<tr>
<td>Independent evaluation</td>
<td>378.00</td>
<td>379.85</td>
<td>378.25</td>
<td>378.39</td>
<td>378.75</td>
</tr>
<tr>
<td>Secretariat</td>
<td>304.00</td>
<td>305.85</td>
<td>304.25</td>
<td>305.39</td>
<td>305.75</td>
</tr>
<tr>
<td>Governance Committee</td>
<td>26.50</td>
<td>26.35</td>
<td>26.65</td>
<td>26.39</td>
<td>26.75</td>
</tr>
<tr>
<td>Independent operations</td>
<td>3.51</td>
<td>3.55</td>
<td>3.61</td>
<td>3.59</td>
<td>3.75</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,341.00</td>
<td>4,292.85</td>
<td>4,294.25</td>
<td>4,295.39</td>
<td>4,294.75</td>
</tr>
</tbody>
</table>
**iTSCi joint industry traceability and due diligence Programme**

**PLANS FOR THE FUTURE**

Breaking links to, and moving beyond conflict mineral issues

iTSCi aims to consolidate existing success, further scale up to provide opportunity for participation to more mining communities, and continue to improve processes and systems as resources allow. We hope to help further address important social issues beyond conflict and welcome contributions from those who make that happen.

Our first priority remains to consolidate the success of iTSCi in existing areas, breaking links between minerals and conflict, driving improvements in due diligence practices of members companies, streamlining and updating procedures to maintain requirements, and to continue the roll out of more rapid digital data collection in appropriate locations. This will allow us to continue to enhance the provision of information to members and participating governments alike.

Our second objective is to find ways to finance further scaling up of iTSCi to mining areas which are not currently benefiting from inclusion. In an environment of low metal prices both these objectives are already challenging.

We plan to focus further attention on using existing iTSCi infrastructure as an opportunity for addressing social and economic issues beyond the resolution of conflict, and involving all in the supply chain, and would also like to progress discussions relating to the harmonisation of activity with the ICGLR in order to support the regional certification mechanism, avoid repetition, reduce costs and ensure effective auditing.

Finally, since a new EU regulation on minerals from high risk areas is expected, we will aim to adapt any necessary aspects of iTSCi to ensure compliance with the final text, and will expect recognition of the iTSCi programme by the EU to ensure avoidance of overlap and inefficiency.

The extent and speed with which all of these plans can be achieved will directly depend on available funding, whether from industry and/or other sources.

**iTSCi creates information to enable due diligence**

A unique source of information on upstream 3T industry and artisanal mining

iTSCi generates a huge amount of information and data. Some is available immediately, while some is available to different stakeholders after a short delay to verify information, to manage sensitive issues, or to prevent use by free-riders who have not contributed to the cost of the activities.

Summary charts describing the type of data and reports released to various stakeholders upon what conditions are available on line:

- https://www.itri.co.uk/index.php?option=com_mtree&task=viewlink&link_id=53532&Itemid=1
- https://www.itri.co.uk/index.php?option=com_mtree&task=viewlink&link_id=53533&Itemid=1
- https://www.itri.co.uk/index.php?option=com_mtree&task=listcats&cat_id=190&Itemid=1
- https://www.itri.co.uk/index.php?option=com_mtree&task=listcats&cat_id=193&Itemid=1
- https://www.itri.co.uk/index.php?option=com_mtree&task=listcats&cat_id=196&Itemid=1
- https://www.itri.co.uk/index.php?option=com_mtree&task=listcats&cat_id=186&Itemid=1
- https://www.itri.co.uk/index.php?option=com_mtree&task=listcats&cat_id=198&Itemid=1
- https://www.itri.co.uk/index.php?option=com_mtree&task=listcats&cat_id=184&Itemid=1

Upstream member company summary and suggested due diligence actions

- https://www.itri.co.uk/index.php?option=com_mtree&task=viewlink&link_id=52326&Itemid=1

Upstream member company independent site audits

- https://www.itri.co.uk/index.php?option=com_mtree&task=viewlink&link_id=52275&Itemid=1

Incident reports relating to management of risks in the supply chain

- https://www.itri.co.uk/index.php?option=com_mtree&task=listcats&cat_id=191&Itemid=1

Mineral production and export figures

- https://www.itri.co.uk/index.php?option=com_mtree&task=listcats&cat_id=184&Itemid=1

Downstream member companies supporting iTSCi and receiving information

- https://www.itri.co.uk/index.php?option=com_mtree&task=viewlink&link_id=52275&Itemid=1

Implementing situational governance assessments relating to OECD Annex II Themes

- https://www.itri.co.uk/index.php?option=com_mtree&task=listcats&cat_id=198&Itemid=1

Incident reports relating to management of risks in the supply chain

- https://www.itri.co.uk/index.php?option=com_mtree&task=listcats&cat_id=191&Itemid=1