

Bisie Mineral Stock Overview

July 18th, 2016

The 'Bisie Mineral Stock' refers to significant quantities of cassiterite from Bisié, Walikale Territory, North Kivu, DRC which was mined primarily over the period between 2011-2015. A number of factors including a government ban on mining and the trade of minerals in this region, hesitance further down the supply chain to buy minerals that were untagged and therefore associated with non-standard information, and the activities driving progressive change from artisanal to industrial mining on the Alphamin Bisie Mining concession have meant that, until late 2015, some materials have been stored in Bisie, as well as, to a lesser extent, in the trading towns of Ndjingala and Mubi (Walikale territory) and North Kivu's provincial capital, Goma. The stocked material was tagged (using different green colour identifiable tags) under a process involving activities to maximise information available on related risks.

At the 8th OECD-ICGLR-UN Group of Experts Forum on Responsible Minerals Sourcing in November 2014 (Kinshasa), a number of potential solutions were discussed to manage the stocked materials through an evacuation process that enables conditions for effective due diligence, risk assessment and mitigation by exporters, including by maintaining information on suppliers and the circumstances of mineral extraction, trade and transport.

In mid/late 2015, iTSCI and CFSI began coordinating on the process and requirements for the stock clearance process. This coordination included an assessment of information available on the stocks that could be evaluated by potential purchasers (exporters, traders, smelters) as well as the identification of opportunities for actors to identify and mitigate risks along the supply chain and for government to establish and enforce clear expectations and accountabilities for managing mineral stocks.

As part of this process, two evaluations were commissioned by iTSCI and one by CFSI to provide factual information about the stocks for potential purchasers, downstream companies, and other interested stakeholders. These reports are intended as key references for potential purchasers of the materials to contribute towards their decision-making process and reasonable due diligence and risk mitigation measures. These reports include:

- A Security Report¹ developed by the Pact Institute which assesses the local security situation, including background issues, while focusing on 2012 to September 2015, during the time of production of the Bisie stock. The report provides general information about Bisie, and armed groups as well as public security forces; the report then reviews chronologically the situation at and around Bisie from 2011 to September 2015. The report summarises published information as well as views provided by local informants over a period of several months.
- An independent evaluation of the minerals evacuation process by Synergy Global Consulting² provides an evaluation of the circumstances and potential risks relating to the minerals evacuation process from the artisanal mining site of Bisié against the Appendix and Annex II of the OECD Due Diligence Guidance of Responsible Supply Chains of Minerals from Conflict-affected and High-risk areas. The report also includes a list

¹ Pact Institute, *Bisie Third Party Security Report for the Period 2010-September 2015*, commissioned by ITRI, on behalf of the iTSCI programme, March 2016.

² Synergy Global Consulting, *Independent assessment of the minerals evacuation process in Bisié,, North Kivu*, commissioned by ITRI, on behalf of the iTSCI programme, December 2015.

of incidents related to the stock clearance process which remained open or were closed by the time of reporting.

- A third party review by International Peace Information Service (IPIS)³ assesses the process and sources used to develop the Security Report, the Security Report's conclusions, and additional issues relevant to understanding the security context of mining at Bisie generally, including: risk of the stocked minerals being mixed with minerals from other sites; the risks associated with the evacuation/non-evacuation of the mineral stock; the risk of incentivizing 'stock-concerns' elsewhere; and local stakeholder relations (historic and current).

The three reports are generally in agreement, discussing a trend of improved security over the relevant period, while describing how illegal taxation by state security services has occurred along transport routes. There are also differences regarding the level of evidence for taxation by those services at the mine, including as a result of variable statements of a small number of interviewees – a challenge typically faced by on the ground research teams.

Mineral exporters, local authorities and civil society have been engaged in the process both individually, and within the regular stakeholder meetings facilitated by iTSCI. This has enabled mitigation of incidents, including actions to address the illegal taxation by state security forces within an appropriate time, as recommended by the OECD Due Diligence Guidance. Regular updates on actions taken and results achieved are available to exporters and their customers through the incident management and reporting process.

The stock clearance at Bisie is complete. Since the site is transitioning to industrial scale, any continued presence of artisanal miners would be managed by the authorities and the concession holder.

This process outlined in the above reports only applies to the Bisie stocks and was implemented due to the unique circumstances of this case. Providing a mechanism to assess these types of cases serves multiple purposes:

- Represents a step to improve risk identification, assessment, and mitigation by relevant stakeholders which adds to understanding of these minerals sources and reduces potential smuggling risks;
- Serves as a case study for considering future scenarios where on-the-ground due diligence systems are not yet established, for example, in non-Covered Country Conflict Affected and High-Risk Areas;
- Provides context and reason to advance serious and on-going discussions with Great Lakes Region stakeholders on accountability for the management of stock or seized minerals that lack OECD and ICGLR RCM-aligned due diligence.

From the perspective of downstream companies that publically report on the origin of tin, tantalum, tungsten, and gold in their products and their corresponding risk mitigation actions, credible information on material origin and due diligence conducted by all relevant parties is critical. In order to build credibility moving forward, iTSCI and CFSI strongly encourage the DRC and other in-region governments to fulfill their role by adding to the existing expectations for local actors to implement due diligence, new and clear commitments to consistent enforcement measures such as the threshold for government seizure of questionable minerals, and an agreed means of disposal of those minerals when necessary. iTSCI and CFSI encourages all relevant stakeholders, including exporters, to engage in these discussions with a view towards continual improvement in conducting due diligence, including the identification and mitigation of risks.

For questions or for further information please contact: iTSCI at itsci@itri.co.uk or CFSI at info@conflictreesmelter.org.

³ IPIS, *Third Party Review of the Bisie Security Report*, commissioned by CFSI, July 2016.