

The ASM Cobalt Framework Vision

A collaborative project supported by Responsible Cobalt Initiative, the Global Battery Alliance's Cobalt Action Partnership, and the Fair Cobalt Alliance.

This document sets out our vision and our approach to building the Artisanal and Small-Scale Mining (ASM) Cobalt ESG Management Framework (“ASM Cobalt Framework”) that enables progressive improvements at artisanal cobalt mines in the Democratic Republic of the Congo (DRC). We strive to make this framework credible and cost-efficient and a catalyst for sustainable development outcomes at the local level. The framework is designed to:

- Support the government’s formalization efforts for the ASM cobalt sector;
- Enable improvements of on-site conditions and contribute to an increase in the quality of life of mining communities;
- Channel investment into improvements from industry stakeholders;
- Ensure cobalt is produced to a standard that complies with the DRC’s legal requirements and meets global market expectations.

1. Background

Cobalt plays a crucial role in enabling a transition to a green economy. Due to its chemical properties, it is used in lithium-ion batteries to achieve a high energy density. Because cobalt is particularly conductive, it also plays an essential role in the rapid charging of batteries, making it indispensable for the development of electronic vehicles (EVs), large-scale energy storage, and mobile technologies, such as smartphones.

The DRC hosts nearly three quarters of the world's confirmed cobalt reserves. With demand for cobalt forecast to skyrocket as electric vehicle production picks up globally, the DRC government declared cobalt as a 'strategic mineral' under its reviewed mining code in 2018. Having contributed as much as 20-30% of annual national production over the last few years, cobalt from artisanal and small-scale mining¹ operations finds its way into complex, global supply chains. The ASM cobalt sector is estimated to provide more than 100,000 jobs directly..

¹ Artisanal and Small-Scale Mining (ASM) are formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing and transportation. ASM is normally low capital intensive and uses high labour intensive technology. “ASM” can include men and women working on an individual basis as well as those working in family groups, in partnership, or as members of cooperatives or other types of legal associations and enterprises involving hundreds or even thousands of miners. *Source: OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High- Risk Area (page 65)*

The sourcing policies of downstream businesses in the cobalt supply chain include expectations for responsible operating practices at artisanal cobalt mining sites regarding human rights, working conditions, mine site governance and environmental management. Many of these practices are not currently being applied and, furthermore, some of the conditions at mine sites do not meet DRC legal requirements. Occurrence of child labour, hazardous working conditions and informality can negatively impact the well-being of workers and have also led to a predominantly negative perception of artisanal cobalt mining activities, creating a dichotomy between cobalt as an essential resource to reach a clean, carbon-free future, and its association with poverty-driven child labour and human rights issues during the mining phase.

As a consequence of these practices, highlighted in media coverage and reports from non-governmental organizations which draw attention to the sector's complex challenges, many mid- and downstream companies along the battery supply chain have stopped sourcing from artisanal producers. The decision to avoid a certain sector or terminate a business relationship largely depends on the circumstances and the risk appetite of the supply chain actors, but, according to responsible sourcing international expectations, risk avoidance does not coincide with risk mitigation, and de-risking practices can result in worsening the adverse impacts. A growing number of companies, development practitioners and stakeholders see ASM as a potential engine for local sustainable development as well as a commercially viable producer of cobalt, and agree that a commonly accepted set of expectations for responsibly produced ASM cobalt could play a key role in supporting improvements in the sector. However few, if any, artisanal cobalt mines have in place the controls and infrastructure needed to reliably offer workers safe and decent working conditions, and would thus be unable to meet the highest expectation levels straightaway.

2. The Purpose

The framework's goal is to achieve measurable improvements of mine site workers' working conditions and livelihoods through a progressive approach, and to provide a globally recognized threshold for acceptability of cobalt by the entire value chain. The framework relies upon mine site monitoring and engagement to provide information and continual feedback loops to identify necessary corrective actions and inform how best to engage artisanal mine-site operators to address those issues. A continual presence of personnel providing technical assistance, oversight and recording incidences, provides robust assurance for buyers, traders, and civil society.

To achieve measurable improvements at artisanal cobalt mines requires engaging miners who need the most support, helping them to access technical assistance, finance, and building their capacity to adopt and maintain responsible mining practices. The framework is built on the fundamental principal of pragmatic, continuous improvement to ensure its applicability and viability, rather than setting impossibly high hurdles to market entry that risk excluding the very communities that need support. This framework has been designed to promote inclusivity, meaning cooperatives and miners have the ability and opportunity to meet global market expectations as opposed to being cut off from the market and the ability to earn an income.

The framework proposes that these progressive expectations are met through a ‘continuous improvement’ approach, which would require improvements by the mining cooperative paired with technical and financial investments by industry stakeholders in order to improve conditions at a pragmatic, yet ambitious pace. Within the continual improvement model, the framework will identify a core set of minimum necessary requirements that must be met by the mine site operators to secure investment and engagement. Once met, investments by global cobalt stakeholders are encouraged and ultimately necessary for the continuous improvement of conditions at the mine sites. Through regular assessments against the framework, progress can be transparently shared with supply chain actors and stakeholders, encouraging downstream buyers to continue to engage with ASM producers.

3. The ASM Cobalt Framework Development

In 2020, the Responsible Cobalt Initiative (RCI) sponsored The Impact Facility (TIF) to further develop a draft framework for ASM cobalt initially composed by the founding members of the Fair Cobalt Alliance (FCA). This resource was shared with the Fair Cobalt Alliance (FCA), the Responsible Minerals Initiative (RMI) and the Cobalt Action Partnership (CAP) partners for their feedback, and to serve as a starting point for the development of a common set of global expectations for responsible-produced cobalt across the supply chain. Since that time, the RCI and CAP have held introductory meetings with key DRC and global stakeholders, benchmarked the framework against relevant DRC standards and laws as well as other ASM standards, and made key changes to the format and content of the original document in line with key stakeholder feedback.

The requirements within the framework have been crafted to integrate and reflect relevant international and national standards that are currently in use, especially those used in the DRC and at artisanal mining sites globally. The standards reviewed in the development of the framework include, but are not limited to:

- Certified Trading Chains (CTC) – developed by the DRC Government in cooperation with the Federal Institute for Geosciences and Natural Resources (BGR) and approved and adopted by the DRC Government. The ASM Framework has been fully aligned with the CTC requirements in an effort to drive the CTC Certification in the cobalt sector.
- CRAFT – developed by international organisations the Alliance for Responsible Mining (ARM), Fairmined and Resolve. CRAFT is used and invoked for due diligence of certain downstream companies and is acknowledged by standards based on the OECD Due Diligence Guidelines for Due Diligence.
- Fairtrade Standard for Gold and associated Precious Metals for Artisanal and Small-Scale Mining – developed by Fairtrade International and the International Labelling Organisation, both highly respected international organisations, the Fairtrade label is recognised by many downstream European companies, and international banks and public donors.
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD DDG)- incl. OECD FAQ on sourcing ASGM gold – developed by the OECD and a series of multi-stakeholder consultations, the OECD DDG is used as a de facto standard for how to manage human rights and operate in conflict zones.
- Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains (Chinese Guidelines) – developed by the CCCMC in cooperation with OECD. The Chinese Guidelines is used by Chinese

companies working on mineral supply chain and applicable to the actors engaging in different points of global mineral supply chain.

- The Cobalt Refiner Supply Chain Due Diligence Standard - developed by CCCMC, RCI, and the RMI- Articulates the requirements for cobalt refiners to meet the OECD Due Diligence Guidance for Responsible Mineral Supply Chains from Conflict-Affected and High-Risk Areas, Edition 3 (OECD Guidance), including due diligence requirements for ASM sourcing.
- EGC Responsible Sourcing Standard (“the EGC Standard”)- The Entreprise Générale du Cobalt (EGC Standard), introduced in March 2021, articulates the requirements for ASM cobalt sites supplying cobalt to EGC through its designated off-taker Trafigura.

Based on early feedback, a previous version of the draft ASM Framework was revised to better address risks included in Annex II of the OECD Due Diligence Guidance, incorporate gender considerations in the language used, structurally align to the furthest extent possible with the DRC’s CTC standard and aim for complementarity with the CCCMC, RCI and RMI Cobalt Refiner Due Diligence Standard. For more on the ASM Cobalt Framework Architecture and Requirements, see Annex I.

To achieve its objectives, the framework and its underlying approach needs to earn universal acceptance from key stakeholders in the DRC, including relevant government authorities and civil society. It also requires buy-in and support from upstream producers, international organizations and NGOs, traders, refiners, and downstream users of cobalt.

4. Partner Organizations

The **Responsible Cobalt Initiative (RCI)** was launched by China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC) and the OECD in 2016, with positive support of companies and organizations across the global up- and downstream cobalt supply chain. RCI advocates to adopt the systematic, inclusive and sustainable approach to developing and implementing solutions, against using the simplistic approach of terminating cooperation with the ASM local producers as it may serve to worsen the local community livelihood. The three purposes of RCI are: systematically identify, prevent and address social and environmental risks of cobalt supply chain; use systematic solutions to reduce negative impacts and improve community livelihood; and establish inclusive, sustainable and responsible cobalt supply chain. Since 2020, RCI has launched the Cobalt ASM Formalized Governance and Community Development Project, with the purpose of contributing to addressing the root cause of critical issues around cobalt ASM and implementing the sustainable solutions. As part of the first phase of this project, RCI is now developing and improving the draft ASM Framework, and also exploring the feasible ASM cobalt support and monitoring mechanism.

The **Fair Cobalt Alliance (FCA)** is a multi-stakeholder initiative launched in 2020. Its mission is to reform the conditions for cobalt mining communities by driving improvements at ASM mine-sites, eradicate child labour and protect children’s rights, and build diversified, resilient local mining communities. The FCA is built on the believe that only by joining forces throughout the cobalt supply chain, can we address and reverse these complex negative social and environmental impacts. As such, its members include refineries, battery manufacturers, electronics and automotive brands battery, NGOs and academics with the joint ambition of making a contribution to the sustainable development of the Copper-Cobalt in the DR Congo. An implementing partner of the Cobalt Action Partnership (CAP), the FCA provides the

vehicle to pool funds from multiple organisations able to donate at very different levels, and a management umbrella for our programme comprising several targeted interventions.

The **Cobalt Action Partnership (CAP)** was established by the Global Battery Alliance (GBA) in 2020 as a broad-based and multi-sectoral, public-private coalition of organizations with the goal to immediately and urgently eliminate child and forced labor from the cobalt value chain, contribute to the sustainable development of communities, and respect the human rights of those affected by the value chain. The CAP is led by several co-implementing partner organizations, including a DRC in-country coordinator. These organizations have come together to foster the establishment of transparent, verifiable and responsible cobalt value chains to: improve safety and working conditions, promote gender equality, address corruption and human rights abuses such as child labor and forced labor, promote the human rights and wellbeing of those affected by the value chain, mitigate negative environmental impacts, and meet ambitious sustainability targets, consistent with national regulations and relevant international standards.

Annex 1: Principles, Intent & Provisions

The ASM Cobalt Framework defines core principles that should be achieved by the mine operators as their operation matures. Under each principle, further explanation is provided clearly describing the intent of the respective principles. Principles and intent have been aligned with and organised to respect the structure of the CTC Principles.

The ASM Cobalt Framework will define the baseline, progressive, and the best-practice expectations through tiered requirements (categorized as either pre-investment, continuous improvement, or best practice). The framework serves as a starting point for the joint design of site-specific, timebound Continuous Improvement Plans (CIPs) that aim to address hazards and challenges faced by miners at during cobalt mining.

Principle 1: Good organisational governance

This principle intends for organisations to build and maintain their managers' skills and competencies and to put in place suitable management structures, policies, procedures and practices that enable accountability, oversight and the responsible and compliant running of the organisation. The level of management capacity and the degree of sophistication of governance systems at the organisation should be appropriate to its size, complexity of the operation and the potential risk to people and the environment from its activities.

The organisation...

- 1.1 ... operates accountably.
- 1.2 ... maintains financial records and a business plan.
- 1.3 ... does not tolerate corruption or bribery.
- 1.4addresses grievances adequately.
- 1.5 ... facilitates representation of workers on site.
- 1.6 ... ensures that all workers entering the site are known and qualified to conduct their respective tasks.
- 1.7 ... maintains a mine plan and inventory of available equipment.

Principle 2: Respecting workers' rights

This principle intends for organisations to take responsibility for knowing and protecting their employees' and workers' rights, including not exposing them to the risk of torture, association with armed groups or conflict, sexual or gender-based violence, discrimination or corporal punishment. Organisations are responsible for ensuring children are not employed by and do not work in facilities controlled by the organisation and no employee or worker is forced to work.

The organisation...

- 2.1 ... ensures all people affected by its operation are treated with dignity.
- 2.2 ...does not tolerate any forms of child labour.
- 2.3 ... does not tolerate and is not linked to any forms of forced labour.
- 2.4 ... does not tolerate sexual violence and gender-based harassment.
- 2.5 ... does not tolerate any form of corporal punishment at the mine site.
- 2.6 ... does not tolerate discrimination of any sort.
- 2.7 ... ensures fair and equal compensation.
- 2.8 ... promotes fair working hours.
- 2.9 ... demonstrates efforts to ensure that all workers gradually achieve a 'Living Income'.

Principle 3: Respecting and complying with the law

This principle intends for organisations to be aware of and comply with the laws and regulations applicable to its operation. A legitimate organisation pays due taxes and royalties to the government and holds requisite licenses and permits for its operations and the activities on its sites.

The organisation...

- 3.1 ...operates within a legal mining framework.
- 3.2 ... honors its legal payment obligations to the government.
- 3.3 ... interacts only with known counterparts.

Principle 4: Ensuring workers' occupational health and safety (OHS)

This principle intends for organisations to safeguard their employees and workers from harm associated with the extraction and recovery of minerals on their sites and all auxiliary activities and facilities through adequate training and provision of equipment. Special attention should be given to ensuring women and young people are not exposed to hazardous work and that there is adequate provision to respond to emergencies and care for injuries on site.

The organisation...

- 4.1 ... ensures that all people entering the mine site are fit for work and able/trained to execute their respective tasks.
- 4.2 ... ensures that the mining environment does not expose workers to unnecessary risk.
- 4.3 ... ensures use of adequate PPE by all workers on site.
- 4.4 ... ensures that all technical machinery and equipment is safe for use and workers are trained appropriately.
- 4.5 ... ensures that first-aid care and adequate health and safety services are available to all workers.
- 4.6 ... ensures that basic utilities are available to all workers.
- 4.7 ... identifies work place hazards and risk of occupational diseases.
- 4.8 ... provides workers with a safety net for occupational accident.

Principle 5: Contributing to Community Development

This principle intends for organisations to identify ways in which it can contribute to the wellbeing and development of people and communities surrounding its sites and that are affected by its activities and strive to build good relations with its neighbours. Organisations can hire local people, consult with authorities and community leaders to get consent for their activities and ensure that if households have to move to make way for the organisation's activities they are appropriately compensated.

The organisation...

- 5.1 ... contributes to the sustainable economic development of local communities.
- 5.2 ... ensures that all and any people resettled are adequately compensated to reach a living standard equal to or higher to their pre-resettlement status.
- 5.3 ... engages in community dialogue and seeks free, prior, informed consent when said community would be directly affected.

Principle 6: Protecting the environment and stewarding natural resources

This principle intends for organisations to take responsibility for doing all that is possible to avoid, minimise and implement measures to restore any natural features or ecological functions that area harmed by its activities, including for negative effects that can extend beyond the economic life of the mine. The planning and implementation of plans to protect the environment should include water, waste and biodiversity management and give consideration to agricultural land, forestry and environmental factors affecting community health.

The organisation...

- 6.1 ... minimizes its impact on the environment on the mine site and on surrounding communities, including emissions to air, soil and water.

6.2 ... shall manage waste responsibly.

6.3 ... maintains a mine closure & rehabilitation plan.

Principle 7: Trading transparently and fairly

This principle intends for organisations to ensure there is a fair and transparent trading system on sites under its control. Organisations can require traders to comply with national laws and regulations, to publish prices openly, and follow accepted methods for measuring mineral grade and weight.

All traders and warehouses ...

7.1 commit to transparent and fair buying practices.

7.2 ... facilitate efforts to achieve full traceability