
CTC Standards Certification Audit of MHI Mining and the COOPERAMA Cooperative's Coltan Mines at Bibatama, North Kivu Province, Democratic Republic of Congo

Mining Sites at Bibatama, Territory of Masisi, North Kivu, Democratic Republic of the Congo.

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Summary

This summary report presents the results of a certification audit conducted at the sites of MHI Mining's concessions at Bibatama, Territory of Masisi, in the Province of North Kivu, Democratic Republic of the Congo. Within the MHI concession, MHI operates one site while the small-scale miners' cooperative called COOPERAMA controls mining at a number of sites in the concession. MHI and the COOPERAMA have signed a Memorandum of Understanding. Both COOPERAMA and MHI-controlled sites are included in this audit. Field activities for this audit were conducted from 5 May through 10 May 2014.

The objective of this certification audit is the evaluation of MHI and the COOPERAMA cooperative to the standards of the CTC certification system. This evaluation is the second assessment of the property within the framework of the CTC scheme.

This audit also considers the original baseline assessment of the Bibatama property of April 2012: *Baseline Audits of Mining Companies in Democratic Republic of the Congo to the CTC-Standard Set: Mwangachuchu Hizi International Baseline Audit Report*¹.

A group of observers accompanied the lead auditor and BGR logistics team. The delegation included representatives from MHI Mining, Division of Mines, Provincial Ministry of Mines of North Kivu, FEC, Civil Society, iTSCi, SAESSCAM, GTC and the German Embassy.

An audit provides a snapshot of operations of the auditee at the time of the assessment and cannot be taken as a guarantee for compliance with the CTC standard. Procedures and processes are influenced by the presence of an observer and thus may change.

Based on the audit results, RCS Global recommends that the sites of MHI Mining operations in Bibatama, Territory of Masisi, in the Province of North Kivu, Democratic Republic of the Congo, not be certified to be in compliance with the CTC Standards. It is recommended for MHI Mining to urgently address the points raised regarding the health and safety of all employees and artisanal miners in order to achieve certification.

Scope of the Audit

This audit applies to all coltan mining sites in the area covered by the exploitation permit 4731 of the company MHI in Bibatama. These sites fall into two formal categories: 1. Sites exploited directly by MHI Mining, 2. Sites exploited by the COOPERAMA cooperative within the framework of the MoU signed between the cooperative and MHI

MHI directly exploits one site called:

- Bibatama D2

COOPERAMMA also exploits six (06) sites located in the exploitation permit 4731 of MHI:

¹ Conducted by Dr. Michael Priester, April 2012

- Luwowo
- Gakombe D4
- Koyi
- Mataba D2
- Bundjali
- Bibatama D3

The auditor has found two sites that are independently exploited, outside of the direct control of MHI and COOPERAMMA. MHI has also indicated that the site Bibatama D3 is not directly controlled by COOPERAMMA. The persons questioned at Muvumbuku confirmed that they work for a man whose name they did not share and pretended not to know where he sells the minerals once he leaves the site. The president of MHI confirmed that members of COOPERAMMA control Bibatama D3 and the “Site de Bayo”, however that they do not operate under the strict control of the cooperative.

The sites known to the auditor are:

- Muvumbuku (a re-exploitation of rejects of Bibatama D2)
- “Bayo’s Site” at Bibatama D2 (an extension of the MHI-controlled D2 site)
- Bibatama D3

Due to time and logistics constraints, only the following mining sites were visited during this field visit. These sites were selected by the auditor because they are believed to be representative of the size, types of mining and organization of activities taking place within both the COOPERAMA and MHI mining and supply-chain systems.

- Bibatama D2 (MHI)
- Gakombe (COOPERAMA)
- Luwowo (COOPERAMA)
- Muvumbuku (Informal)

Summary of Audit Findings

MHI and COOPERAMA have committed to respect the CTC standard of mineral traceability. The entities made commendable efforts to achieve compliance with the CTC standard since the baseline assessment was conducted in 2012. Table 1 of the audit results below shows that MHI has succeeded in improving the compliance level for ten (10) requirements of the CTC Standard. This confirms the commitment of MHI who is moving in the right direction to achieve certification.

Nevertheless, owing to changes in the circumstances applicable to the exploitation of minerals on the area of the exploitation permit 4731 and that have occurred since April 2012, the certification audit has noticed a decrease in the compliance level for two (2) requirements: requirement 1.6. (traceability) and 3.2. (health and safety). It is important to note the two main changes that have affected the level of compliance here:

- 1) Although bringing traceability to the sites directly controlled by MHI and / or COOPERAMMA, the arrival of the tagging system iTSCi has highlighted the absence of control over minerals flows between mine pits and tagging stations.
- 2) A landslide of 150m on 400m in December 2013 has significantly affected the safety situation for employees and artisanal miners. In addition, the MoU with COOPERAMMA, through the formalization of relations between MHI and the cooperative, has extended the responsibility for the health and safety on the exploitation permit 4763 to the members of the cooperative.

In order to achieve certification, MHI and COOPERAMMA should considerably strengthen the safety of employees and artisanal miners, both in regards to the risks of further landslides as well as regarding the health and safety of artisanal miners working on the sites controlled by COOPERAMMA.

In accordance with the auditor guidelines for the baseline and certification audits of artisanal mine sites against the CTC Standard, the responsibility of the organization to ensure the health and safety of employees is part of the list of “hard requirements” (“*intransigeances*”)². **RCS Global believes that the organization does not yet sufficiently ensure the health and safety of employees and artisanal miners to allow for a CTC certification. Consequently, and despite the improvements made by MHI, RCS Global cannot recommend the certification of the operations of MHI on the exploitation permit 4763 at the time of the certification audit.**

Furthermore, MHI should, where possible in collaboration with government agencies, collectively engage the small number of informal miners that remain on the concession with the goal of either bringing them into the formal supply chain or terminating their activities in order to eliminate any risk of contaminating the supply chain with minerals exploited outside of the direct control of MHI and / or COOPERAMMA.

RCS Global took into account the availability of traceability systems in the DRC, as well as the feasibility of controlling mineral flows from mine pits onwards. Consequently, the absence of traceability between mine pits and tagging centers does not prevent MHI from obtaining the CTC certification.

The audit recommends for MHI to establish an improvement plan defining the measures MHI intends to take to address the recommendations of this audit, including deadlines as well as the assignment of responsibility for their implementation.

A summary of findings according to each of the twenty-one requirements of the CTC standards is shown in Table 1. Each requirement is ranked on a scale of 0-4. The certification manual provides specific guidance for the numerical ranking of each specific requirement (Refer to the detailed discussion of each requirement in later sections of this report for requirement-specific ranking method).

² Directives à destination des auditeurs pour l'évaluation de base et l'audit de certification de mines artisanales selon les standards CTC, février 2014, p.10

However, the numbers represent a level of compliance with the standard on the following scale:

- 4 representing >80% compliance
- 3 representing 60-80% compliance
- 2 representing 40-60% compliance
- 1 representing 10-40% compliance
- 0 representing 0-10% compliance

The Table highlights the level of compliance of MHI for each requirement at the time of the baseline audit in April 2012 and allows for the direct comparison with the level of compliance of the audited entity at the time of the certification audit in May 2014.

At the time of this audit, the sites were free from armed conflict. No presence of armed groups was observed. There was also no observation of children or women working at mining sites. There were no violations of human rights observed at the mines or the portions of the supply chain relevant to this audit.

Table 1: Summary of MHI and COOPERAMA’s compliance with each requirement of the five CTC standards.

Principle Requirement	Level of Compliance Baseline Audit 2012	Level of Compliance Certification Audit 2014	Discussion
Principle 1: Transparency and Traceability			
1.1 The organization does not support any criminal organization either financially or materially	2	4	No evidence of support for criminal organizations found.
1.2 The organization actively fights all forms of corruption and fraud	2	3	No evidence of corruption or fraud found. MHI and COOPERAMA lack written policies prohibiting corruption and fraud which comply with international standards.
1.3 The organization does not financially support any political organization	2	3	No evidence of support for political organizations was found. MHI and COOPERAMA lack written policies which prohibit support for political organizations.
1.4 Evidence of payment of taxes, fees and other charges is published in accordance with international standards	2	3	MHI and COOPERAMA do not publish payments to the Treasury and State but both allowed verification of these payments by the auditor.
1.5 The organization pays all taxes, fees and other charges prescribed by law.	3	4	MHI and COOPERAMA fully comply with their tax obligations.
1.6 The traceability of minerals	4	3	MHI and COOPERAMMA have established

(origin, weight and volume) is secure along the supply chain			<p>the iTSCi tagging system in their sites.</p> <p>Traceability is not ensured between the mine pits and the tagging centers. It is possible that the supply chain is contaminated by products of mine sites that are not directly controlled by MHI and / or COOPERAMMA.</p> <p>The iTSCi tagging system has only been available since March 2014, therefore there has not been enough time for the auditor to assess if the incident follow up mechanisms is fully functioning in Bibatama.</p>
Principle 2: Working Conditions			
2.1 The organization respects the prohibition of child labor	3	3	No children were observed working at the mine sites. There is no system to verify the ages of miners.
2.2 The organization ensures and supports the right of workers to organize and bargain with their employers	3	3	<p>MHI workers are not organized, but the company does not inhibit them from doing so.</p> <p>COOPERAMA workers are organized through the cooperative and have lobbied for significant changes to working conditions.</p>
2.3 The remuneration policy for artisanal miners, employees and subcontractors practiced by the organization is fair.	4	4	Miners at MHI and COOPERAMA sites are paid through systems based on their production. All miners believed these systems were fair.
Principle 3: Safety and Security			
3.1 The organization ensures the hygiene, health and safety of its employees	2	2	<p>PPE is used commonly at MHI's site. PPE is not available in sufficient quantities at COOPERAMA's sites.</p> <p>There are frequent accidents on the sites of COOPERAMMA.</p> <p>The sites of MHI and COOPERAMA have enormous landslide risks and the recommendations of the geotechnical study carried out for this purpose have not yet been implemented.</p>
3.2 The organization ensures that all its employees and suppliers have access to information on health, safety and their works' main risks and dangers	3	2	Employees are only partially aware of the risk associated with their work
3.3 The organization has a sufficient quantity of qualified security personnel	2	4	Police des Mines are present at both MHI and COOPERAMA site in sufficient quantities and have received adequate training.
3.4 The organization ensures that work conducted at the site is conducted in compliance with human rights standards	3	3	<p>MHI and COOPERAMA are committed to human rights standards.</p> <p>Workers at all sites are aware of the human</p>

			rights standards.
3.5 The organization assesses the risks associated with each job at their sites and has an emergency preparedness plan in case of accidents	2	2	MHI supervisors enforce safe working rules but no formal assessments or safety training is taking place. SAESSCAM and COOPERAMA agents enforce some safety rules but there are no formal safety trainings taking place.
Principle 4: Community Development			
4.1 The organization holds regular consultations with local authorities and local communities on issues related to mining	2	3	MHI engages with COOPERAMA and local officials as needed to resolve disputes. No grievance mechanism is in place
4.2 The organization gives preference to local businesses to supply necessary materials and commodities to the mine	3	2	MHI is purchasing very little from local communities. MHI reported that they would like to improve its local procurement activities.
4.3 The organization has and integrated community development plan for improvement of infrastructure, social, safety and educational services in local communities	1	2	MHI has no community development strategy and has done little recent community engagement. COOPERAMA has no community development plan but has done development projects in communities on an ad hoc basis.
4.4 The organization has documents showing the legal status and right to use land based on consultation with local communities and local authorities	2	3	Mining was taking place on the property before MHI was issued an exploitation permit. Some community consultation and land compensation actions took place during the issuance of the exploitation permit.
Principle 5 : Environment			
5.1 The organization has conducted an Environmental Impact Assessment (EIA) which has informed the creation of a policy on the environment and an Environmental Management Plan (EMP)	3	3	MHI has not taken any measures to implement an environmental management system in collaboration with SAESSCAM.
5.2 The organization has a system of managing (treatment storage and disposal) of mining wastes including chemicals and toxic wastes which limits environmental risks	2	3	No hazardous chemicals are used at the site. Mining and processing is introducing unchecked sediment into stream systems.
5.3 The organization has allocated funds for the rehabilitation and closure of the mining sites in accordance with the law	2	2	MHI pays into a reclamation bond however the terms of this bond have not been update to reflect the activities on COOPERAMA.