

Valcambi's journey on Artisanal and Small-Scale Mining

For Valcambi, responsible sourcing is not just a licence to operate. It is embedded into our company's culture of being a responsible business, and it is reflected in the company's values of conformity, integrity, responsibility, confidentiality and respect.

We play an active role in driving best practices in our sector, working in collaboration with the various stakeholders along the value chain. As part of this commitment, we are extensively involved in supporting responsible gold mining and sourcing and have a special focus on the artisanal and small-scale mining (ASM) sector.

Artisanal and small-scale gold mining employs 90% of the workforce involved in global gold extraction, and is responsible for 17 to 20% of global gold production. There are 10 to 15 million artisanal gold miners worldwide, collectively mining around 400 tons of gold per annum and creating more than \$10 billion in value for rural economies in over 70 countries. The ASM sector overall plays a crucial role in offering a way out of poverty for over 100 million people, including miners and their families, around the world.

Using our sectorial weight, we want to take a leadership role to pull the ASM sector forward on responsible business practices, creating positive impact in mining communities and increasing the mines' access to global market.

Our ASM journey started in 2015, when we decided to engage directly with the ASM sector.

Our approach had to be from 'within' and working with 'the source'.

Developing ASM sourcing model

To develop the ASM supply chain, we had to establish and/or adapt various internal processes. Firstly, sourcing responsibly from ASM required us to develop a specific ASM sourcing model. Working with industry experts, we created best practice procedures, including comprehensive supply chain risk assessment, to ensure responsible engagement with, and sourcing from ASM.

To ensure these were most adapted to the reality and needs of our sector and the field, we consulted extensively with stakeholders, including clients, NGOs, ASM experts and industry associations, who provided their feedback. Crucially, we piloted these procedures on the ground with ASMs and, finally, we asked an independent academic institute to review.

"The piloting on the ground of our procedures was incredibly eye opening," comments Michael Mesaric, CEO of Valcambi. "This allowed us to understand what ASM looks like. We saw 'good practice scenarios' and spoke directly with miners and their stakeholders to learn from their experiences. We also gained greater understanding of the needs and wishes of the different actors involved in this process and how Valcambi's work on responsible sourcing from ASM could, in turn, benefit the artisanal mining sector."

Our procedures enable us to not only comply with all the principle frameworks for responsible gold sourcing, such as the [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#); the [LBMA Responsible Gold Guidance](#), and the [Responsible Jewellery Council Chain of Custody Standard](#), but also to go beyond these, wherever needed.

It is important to understand that disengagement with mines not conforming with our due diligence criteria is not a solution for Valcambi. When we developed our due diligence procedures, our intention was not only to protect our business but to drive best practices within the ASM sector.

We have developed tools to appropriately communicate non-conformity situations and outline corrective measures, including remediation, in order to support the mines that are willing to improve the way they operate. This approach allows them to address the gaps in their practices so that, ultimately, we can work together. We do this with the help of entities such as civil society organisations, associations and governments that can provide the appropriate support and competence on the ground to manage a comprehensive remediation plan. This looks at technical aspects for operational improvements, and social and environmental aspects.

It is our ambition that our responsible sourcing approach benefits the ASM sector and producer nations, while improving access to markets for ASM miners.

Tuning up our operations

Secondly, we needed to solve very practical questions such as the dimensions of our refining units.

“When we started, our equipment was scaled for quantities much higher than those produced by an artisanal mine,” says Simone Knobloch, COO of Valcambi. “Now our refining units are capable of batch refining very small amounts of *doré*, satisfying the needs of both the supply chains where ASM gold is requested and where ASM gold must be segregated.”

We also looked at the transportation costs and were able to set up favourable agreements for small volume deliveries comparable with the refining batch of our units.



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Supporting ASM responsible mining on the ground

In parallel, we started engagement on the ground to assess the situation, identifying potential countries and mines from which we could source, and what support these mines needed to adopt the responsible mining practices that would allow us to work together.

We soon learnt that ensuring responsible mining and harnessing ASM's potential for sustainable development demands a collaborative approach that starts with dialogue and engagement with multiple stakeholders including governments, NGOs, civil society, upstream and downstream sector associations and, of course, ASMs themselves.

We started working on a number of initiatives and projects on the ground in collaboration with a number of organisations and associations. These included [Fairtrade](#), the [Swiss Better Gold Association \(SBGA\)](#) (of which Valcambi is a member) and the [Better Gold Initiative \(BGI\)](#); the [Alliance for Responsible Mining](#) and [Fairmined](#); the [European partnership for Responsible Minerals](#) (founding member and strategic partner), among others.

We passed an important milestone in 2015. After obtaining the licence to process Fairtrade-certified gold, Valcambi became a strategic partner for [Fairphone](#) on its very outset. Processing gold coming from Minera Sotrami, a mine in Peru that at the time was Fairtrade certified, we helped Fairphone to become a pioneer in the transition to sustainability and environmental compatibility in the industry.

It was through our collaboration that Fairtrade introduced us to the Minera Limata co-operative, a small-scale mine near Puno, South Peru. As concession AFC12 (LIMATA AFC12) was working on improving its practices, we received the visit of the miners from the cooperative along with the Fairtrade project leads.

“It was a real privilege to welcome the miners at Valcambi,” explains Mesaric. “We opened our ‘books’ to each other. Valcambi introduced the miners to the world of refining and we outlined our ASM sourcing approach, emphasizing the importance of due diligence processes and traceability, not only at the mine but throughout the entire value chain.”

In turn, the miners presented their mining operations and discussions progressed on the various options a business relations could take.



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“LIMATA AFC12 came on stream a couple of months later as the culmination of this great collaboration. It is a very important milestone for Valcambi and our sector,” comments Knobloch. “This project validates and puts into practice our ASM sourcing processes and, most importantly, demonstrates that responsible artisanal mining and sourcing are possible, and that ASM can access the international gold market.”



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Minera Limata gold

Some exciting perspectives

At the moment, Valcambi’s focus is on bringing benefits to the ASM sector, supporting its formalisation of responsible practices that will allow the mines to access global market.

“Given the small volumes that ASMs can currently provide, and factoring in the transport, refining, segregation and traceability costs, ASM sourcing is not commercially viable,” Mesaric acknowledges. “But we have to start somewhere and, as ASM sourcing increases, it will become more commercially viable for us and the industry, and will benefit ASMs.”

The many ongoing initiatives and projects led by various organisations are testament to the degree of interest that responsible ASM mining and sourcing has attracted from the many actors along the value chain.

“Less than five years ago, only very few organisations would have considered sourcing from ASM, owing to both risk and commercial reasons,” concludes Mesaric. “Today, supply cannot meet the demand. This is a turning point for these mining communities as, with the right support and if they are willing to address the gaps in their practices, they will find buyers for their gold.”

Valcambi is supporting other mining projects that will come on stream in the near future.

Notes

[Minera Limata press release](#)

[Read more about Minera LIMATA Co-operative](#)

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