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Annual Due Diligence Report

31 January 2021

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1. Company Information and Policy Overview

Société Minière de Bisunzu, (SMB) Sarl, is a company incorporated under Congolese law registered under number RCCM GOM / RCCM / 14-B-009 and national identification number 5-910-N79880N. It holds an Exploitation License (Permis d'Exploitation, 'PE') granted by the Congolese State under number 4731. Its administrative offices are located in Goma on avenue du Golf n ° 11, Quartier Katindo, City of Goma, Province of North Kivu.

SMB's Managing Director is Ben Mwangachuchu and the Director of Traceability and Due Diligence is Freddy Nzonga.

SMB's operating headquarters are 61 km from the city of Goma, in Masisi territory, Matanda groupement, Luunje locality. SMB Sarl operates on its own concession, PE 4731. 7 sites are operated, including 6 sites in artisanal mode and 1 in mechanized mode. All of these mining sites are validated and were revalidated on August 2, 2018.

SMB's Traceability and Due Diligence are structured as described below:

Traceability Department: under the supervision of the Managing Director of SMB Sarl, the Director in charge of traceability and due diligence issues coordinates the company's actions in terms of implementation and compliance with Congolese laws in the mining sector and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (hereafter 'OECD Due Diligence Guidance').

This department employs a team of 25 agents who are located in our offices in Goma and in the mining sites of the concession covered by Exploitation License 4731 (PE4731).

It also ensures, in collaboration with agents of the Administration of Mines and Technical Services of Mines, that the extraction and delivery of minerals to SMB comply with standards (Eligibility of actors, traceability, proof of payment of legal taxes, mineral transport route, working conditions etc.).

The department is also in charge of supervising the work of the industrial guards of SMB Sarl who are civilians trained in the fight against mining fraud. They are unarmed and carry out their activities within the mining perimeter of SMB Sarl.

In close and permanent collaboration with the implementing partner of the due diligence as well as state actors, the Traceability Department ensures that the Company's supply chain complies with mining regulations.

This Annual Due Diligence Report forms part of the implementation of SMB's due diligence management systems in accordance with the OECD Due Diligence Guidance. The due

diligence management systems and this Annual Report are designed to be in conformance with the OECD Due Diligence Guidance. According to the OECD Due Diligence Guidance, Step 5, companies should meaningfully report on supply chain due diligence to generate public confidence in the measures companies are taking.

An objective of SMB's due diligence management system is to identify, assess, and mitigate human rights risks in our supply chains to reduce actual and potential negative impacts on people and planet. Further, the system seeks to ensure that the company's sourcing practices are in conformance with international good practice. Our due diligence approach has been developed in a way that manages risks based on available information and make improvements over time.

SMB utilizes RCS Global services, including traceability and due diligence systems to support our efforts. The Better Sourcing Program (BSP), implemented by the RCS Global Group, is an upstream assurance mechanism that puts in place a number of systems to support that exports of minerals from Conflict-Affected and High-Risk Areas (CAHRA) are produced, transported and exported by companies operating in a manner that is aligned with the requirements of the OECD Due Diligence Guidance, the Better Sourcing Standard, and the Responsible Minerals Initiative (RMI) Responsible Minerals Assurance Process (RMAP).

This report describes a) the due diligence management system, b) the methodology for the assessment of risks, and c) the steps taken to manage the risks as established at SMB.

SMB has committed to adopt and make publicly available a Supply Chain Due Diligence Policy for responsible sourcing of minerals from conflict-affected and high-risk areas. This report follows the commitments of that policy, which are our reference for responsible sourcing practices. The Policy can be found at <https://www.smb-sarl.com/supply-chain-policy-updated-on-february-2019/>

2. Risk Identification and Mitigation Approach

We take a transparent approach to mining operations, production, and the trade of minerals from our sites. Purchasing smelters are encouraged to review the information provided to them and follow-up on elements in line with their own due diligence procedures. The due diligence we apply is risk based and commensurate to the severity and likelihood of identified risks. The process includes:

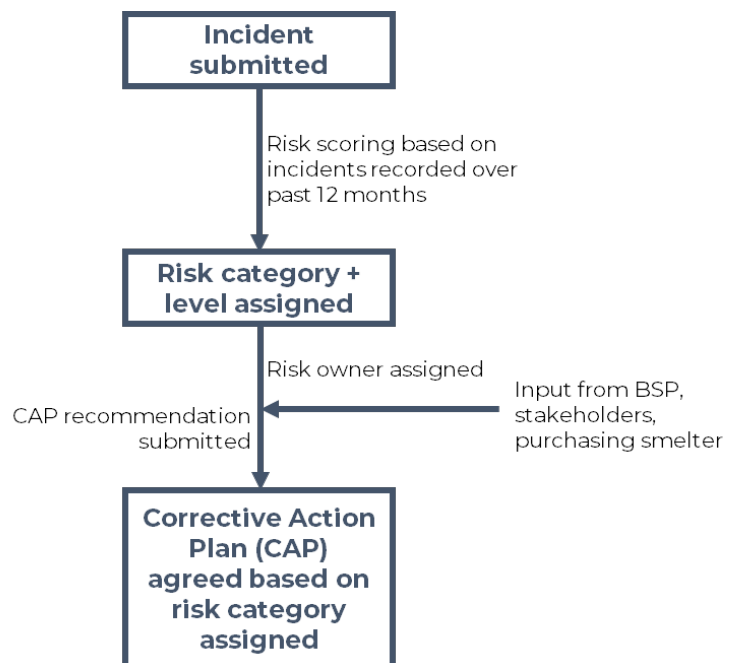
- (1) Identifying risks using evidence-based information that extends across all risks noted in the OECD Due Diligence Guidance.

- (2) Supporting the assessment of risks against our supply chain policy, national laws, and international guidance.
- (3) Responding to, managing, and reporting on identified risks in a measurable and accountable manner.
- (4) Promoting transparency along the supply chain, as part of an accurate depiction of local circumstances, to enhance engagement among supply chain members and improve access to market and investment for local operators and communities.
- (5) Promoting continuous reporting of risk-related information along our supply chain to downstream buyers.

Incidents that may occur at our site are recorded by independent monitors deployed by BSP on an ongoing basis to our mine site. Monitors digitally record incidents in line with the RCS Global incident and risk categorization (aligned with the OECD Due Diligence Guidance Annex II risks). The collection and verification of incidents form the basis of the risk assessment approach. Following the logic outlined in the RCS Risk Management Protocol (RMP) the incidents recorded over the past 12 months are used to assign adequate risk levels for each monitored Risk.

The risk mitigation approach at SMB seeks to address issues in a structural manner. Based on the Risk Assessment a comprehensive Corrective Action Plan (CAP) is provided to SMB on a monthly basis by BSP including the following information for each risk:

- Risk category
- Risk level
- Number of incidents associated with that risk category recorded over the past month
- Suggested actions for risk mitigation
- Required evidence
- Recommended timeline for implementation of mitigation actions
- Responsible actor(s) for implementation
- Status (not started, in progress, completed) of mitigation actions
- Risk owner notes (to be completed based on risk owner feedback)



In line with the core 'continuous improvement' principle in the OECD Due Diligence Guidance and accepted by market requirements, our company implements proactive and risk-based risk mitigation ('corrective action'). Current CAP statuses are also shared along with each shipment to support our risk management and reporting obligations.

TRACEABILITY

Based on recommendations from the OECD Guidance, Chain of Custody System Standards from the ICGLR Regional Certification Mechanism (RCM), and RMI RMAP audit requirements, BSP deploys a digital traceability system for materials from mine to export. The objective of BSP-implemented traceability is to provide assurance that the minerals exported originate from BSP-monitored mine sites and to protect against the smuggling and laundering of minerals into BSP-validated supply chains.

The approach relies on recording of traceability information at local level, and data reconciliation in real time. The approach allows for systematic identification of all participants in the supply chain. The traceability system digitally records the weight, tag number, and ID of present stakeholders and pit managers at the pit level and verifies the information at each supply chain step up to export.

With our traceability partner, BSP, we closely monitor all production through initial tagging carried out in the washing stations. This significantly reduces any risk of supply chain contamination from outside and the tracing of all minerals mined from PE 4731.

All minerals exported by SMB Sarl come from sites within its operating perimeter (PE 4731). These sites are Luwowo, Bundjali, D2 Mataba, D3 Bibatama, D4 Gakombe and Koyi, all of which are artisanal and small-scale mining (ASM) in addition to the mechanized D2 Bibatama site.

SMB is continuing efforts to mechanize the mine (PE 4731), which began on the D2 Bibatama site. While waiting for the end of the required processes for the continuation of mechanization, with a view to the management of the transition from ASM to mechanized operations, and in agreement with the state authorities, SMB collaborates with ASM suppliers. SMB ensures that these suppliers are identified (miner ID cards), keeps records of the volume of transactions of each supplier with the company, the site of origin and the date of receipt of minerals for each supplier.

For each received lot of minerals, SMB issues the supplier a laboratory voucher, which he will then use to claim payment for the minerals.

The ore is then transported to Goma to the SMB facilities, where export preparation operations are carried out under the supervision of authorized state services. Once the authorization from the government is received, the then the minerals are exported via roads and seaports.

The process accounts for average weight loss during transport and processing. Any discrepancies in the recorded data are recorded as incidents and follow the same risk assessment and CAP procedure described above.

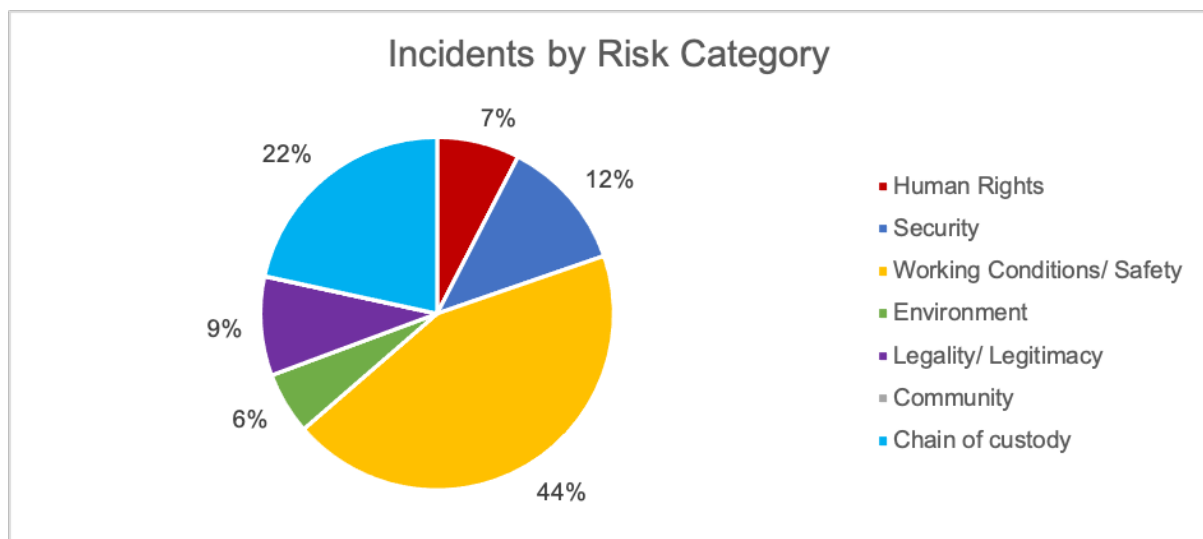
GRIEVANCE MECHANISM

Stakeholders can utilize the RCS Global Grievance Mechanism or the Responsible Minerals Initiative (RMI) Grievance Mechanism to raise concerns.

3. Annual Risk Mitigation Efforts

BSP operated at our site in 2020 on a near permanent basis. During the year, SMB has collaborated with the Ministry of Mines and the Commission for the Monitoring of Mining Activities (CSAM) in the province of North Kivu. The CSAM is made up of private actors in the sector, state authorities and civil society. The CSAM is a forum for discussion on major issues of chain of custody management in North Kivu Province.

In 2020 264 incidents were recorded, most incidents were related to working conditions / safety and were cases of accidents at the artisanal sites (pit collapses, landslides). This was followed by Chain of Custody incidents, which were mostly absences of state agents in charge of traceability implementation from the sites.



Most registered incidents were scored as having a low impact, as these were cases of workplace accidents or minor altercations between workers.

Security Risk

Under half of all registered incidents were scored as high or very high. These relate mostly to insecurity issues that were registered during 2020. In reaction to this situation, SMB approached the competent state authorities to alert them each time there was an insecurity event and asked them to implement the appropriate measures, and the deployment of investigations to identify the perpetrators of the disturbances.

To date, judicial inquiries have resulted in the arrest of some alleged perpetrators of attacks and are pending legal proceedings.

Child Labor Risk

While child labor had significantly decreased in mining sites, the advent of the coronavirus led, since March 2020, to the closure of schools as part of measures to combat the spread of the pandemic, which caused cases of child labor to arise.

The NGO ASSODIP working in the region noted, in its October 2020 report, an increase in the presence of children in the mines of Masisi, including mines on PE 4731.

SMB Sarl, with its state and private partners, increased awareness of diggers and well managers. In addition, there a permanent structure was created, called the OHS team, which is composed of SMB staff and staff from state agencies, organizes awareness-raising on several issues related to activities in the mine, including child labor.

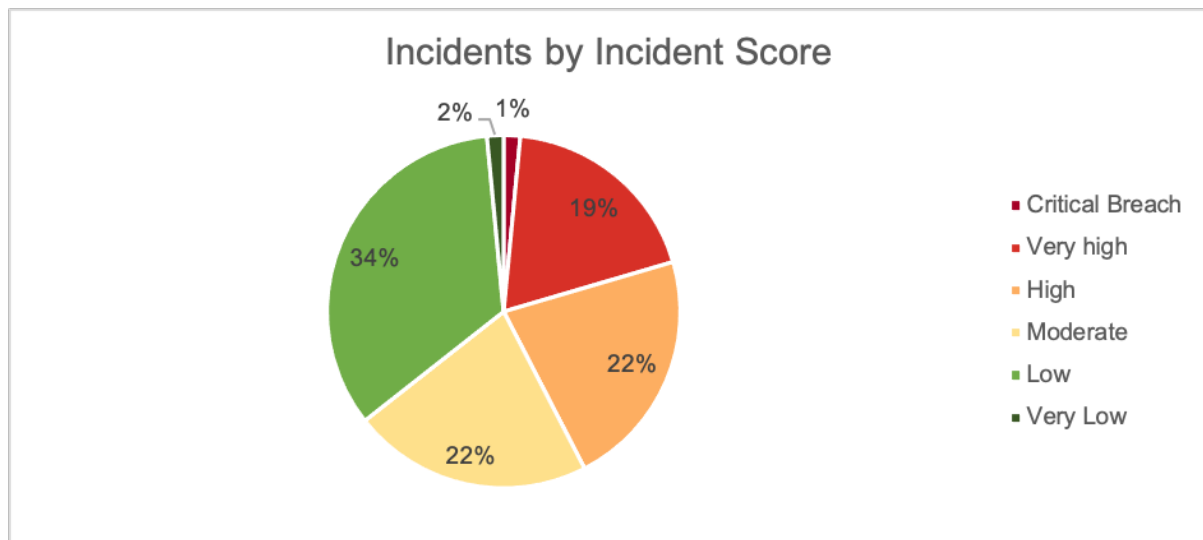
In addition, press releases were issued to artisanal miners reminding them of the prohibition of child labor in the mine and warning about the penalties that pit chiefs or miners who allowed children to work on site could incur.

Since the start of the school year in November 2020, there has been a considerable decrease in the presence of children in the mine. In order to reinforce this situation, the SMB approached the state and school authorities, asking them to sensitize children at their level on this problem.

Traceability / mineral theft risk

During 2020 SMB was aware of the repeated cases of mineral theft from PE 4731 to unknown destinations.

It should be noted that with the termination of its collaboration with COOPERAMMA, SMB is determined to continue efforts to mechanize its mine. In addition to discussions with state authorities to strengthen security, discussions with private partners are underway with a view to expanding mechanization on PE 4731 which SMB expects will improve traceability and minimise mineral theft.



During 2020, 4 Critical incidents were registered affecting our operations.

Summary of Critical Breaches and data points:

Risk		Risk Description and Context	
Worst Forms of Child Labour		Children digging and collecting mineral product tailings and rejects and then selling the material they collect to local traders.	
Related Critical Breach Incidents			
Incident ID	DRC-200413-0003	Incident ID	DRC-200902-0002
Date	10 04 2020	Date	02 09 2020
Indicative List of Mitigation Actions Implemented			
<ul style="list-style-type: none"> Meeting with workers to raise awareness of child labour, to explain the SMB child labour policy and to clearly inform to all workers that child labour is not tolerated. Meeting with local traders to the zero-tolerance policy towards child labour and reminding them that they should not purchase minerals from children, and if approached by a child this should be reported to SMB. Application of disciplinary measures for pit leaders who engage children for work at the mine site. 			

Risk		Risk Description and Context	
Worst Forms of Child Labour		Child carrying bag of mineral product.	
Related Critical Breach Incidents			
Incident ID	DRC-201015-0005	Incident ID	
Date	14 10 2020	Date	
Indicative List of Mitigation Actions Implemented			
<ul style="list-style-type: none"> Meeting with workers to raise awareness of child labour, to explain the SMB child labour policy and to clearly inform to all workers that child labour is not tolerated. Meeting with local traders to the zero-tolerance policy towards child labour and reminding them that they should not purchase minerals from children, and if approached by a child this should be reported to SMB. 			

- Application of disciplinary measures for pit leaders who engage children for work at the mine site.

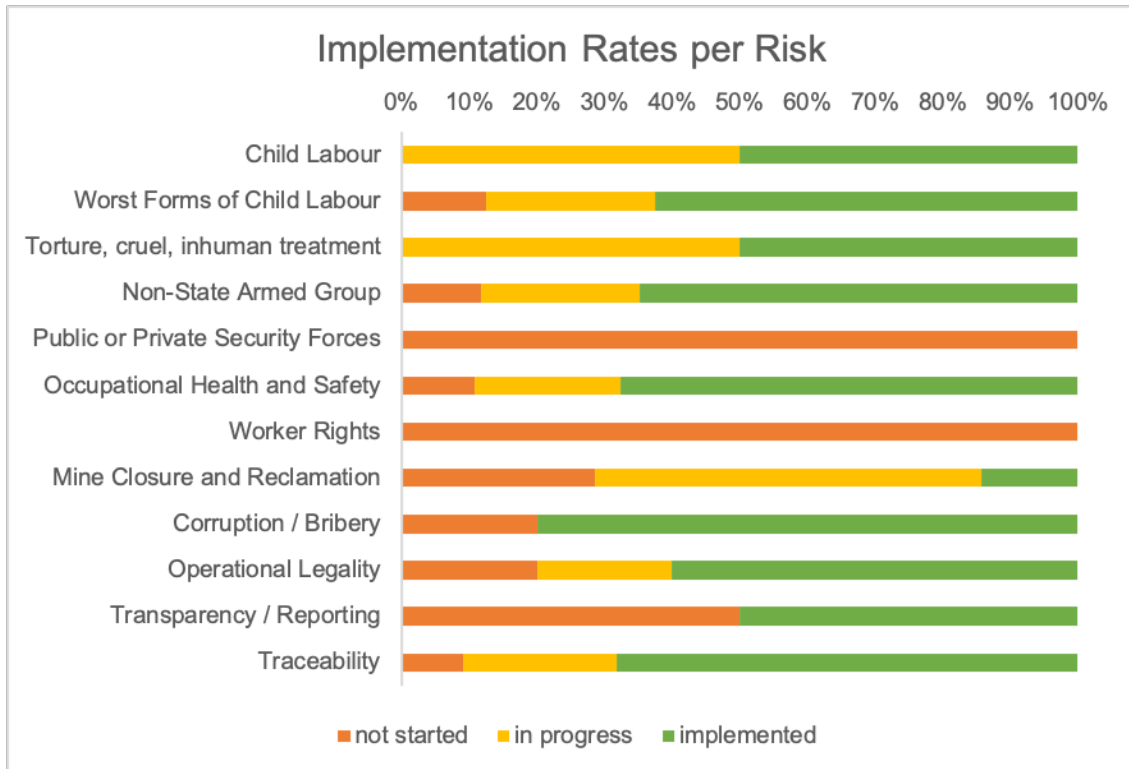
Risk		Risk Description and Context	
Non-State Armed Group		Violent clashes between group of armed men and State Security Forces.	
Related Critical Breach Incidents			
Incident ID	DRC-201109-0006	Incident ID	
Date	09 11 2020	Date	
Indicative List of Mitigation Actions Implemented			
<ul style="list-style-type: none"> • Suspension of affected mine site from supply chain feed. • Engagement with government authorities to control security in the area. • Updating of SMB Security policy. 			

As a result, the following risks were identified in the SMB supply chain. The below table shows the average score recorded during 2020 for each risk.

Risk category	Risk	Risk Score
Human Rights	Child Labour	Low Risk
	Worst Forms of Child Labour	High Risk
	Discrimination	Least Risk
	Forced Labour	Least Risk
	Gender	Least Risk
	Torture, cruel, inhuman treatment	Moderate Risk
Security	International Humanitarian Law	Least Risk
	Non-State Armed Group	Moderate Risk
	Public or Private Security Forces	Low Risk
Working Conditions / Safety	Occupational Health and Safety	High Risk
	Worker Rights	Moderate Risk
Environment	Emissions / Waste	Least Risk
	Water	Least Risk
	Mine Closure and Reclamation	Moderate Risk
	Protected Flora / Fauna	Least Risk
	Resource / Land Management	Least Risk
Legality / Legitimacy	Corruption / Bribery	Moderate Risk
	Legal / Transparent Tax Paying (EITI)	Least Risk
	Money Laundering	Least Risk
	Operational Legality	Moderate Risk
	Transparency / Reporting	Least Risk
Community	Business Conflict	Least Risk
	Community Engagement / Development	Least Risk
	Indigenous / FPIC / Heritage	Least Risk
Chain of Custody	Traceability	High Risk

To mitigate the identified risks SMB worked on implementing **115** mitigation actions following the guidance of the BSP-issued Corrective Action Plans. Over the past year **60%** of actions were successfully implemented. For of **24%** mitigation actions the implementation is still ongoing and **16%** of actions are yet due to be started. The below chart highlights the division of mitigation action status for each risk.

The below chart shows the rates of implementation for each risk that has been identified during 2020.



Independent Audits

SMB Sarl is regularly audited by independent bodies. It was audited by the ICGLR for the Compliance with the Regional Certification Mechanism.

Note, however, that for the year 2020, the health crisis situation caused by the coronavirus (in particular travel restrictions) did not allow the auditors to carry out their audit missions.

We hope that with the relative improvement in the situation, independent audit assignments can be carried out on our supply chain. We remain ready to receive them and facilitate their work.

Public Reporting

All SMB due diligence reports and other documents are available on its website (www.smb-sarl.com). We also post excerpts and summaries of our reports and policies on mine depot doors and notice boards at our facilities. Parts of the report are translated into understandable target languages and displayed.

Community Engagement

SMB aims to be a catalyst for regional economic growth. In this regard, it is committed to contributing to stability and economic activity in North Kivu, of which it is one of the biggest contributors.

Note, however, that faced with the difficulties encountered by the company throughout 2020, in particular armed attacks against its facilities, with consequences such as the significant drop in production, SMB has experienced a blockage in its community initiatives linked to the temporary unavailability of funds necessary to support certain community projects.

However, SMB has maintained certain projects that are still important for the communities, namely:

- The rehabilitation of roads essential to the community. Around fifty workers walk the sections of Masisi every day for maintenance of the roads. Without their intervention, the roads would be impassable for vehicles transporting food and other products to the towns of Goma and Sake.
- Contribution to the purchase of a transmitter for the Amani community radio station in Rubaya. A donation of USD 2,500 enabled the radio station to increase its broadcasting capacity and keep the region informed about local news.
- Maintenance of a mobile dispensary also equipped with an operating theatre allowing in childbirth as well as surgical operations. This dispensary has enabled more than 1,500 people in the community to receive free and immediate treatment.

In addition to all these projects, there is a contribution, a participatory community fund where, of each lot exported by SMB, a portion is taken to finance projects such as the renovation of bridges.

In accordance with article 281 of the Congolese Mining Code, SMB had paid for the relocation of landowners, the sum of \$ 1,600,000 (One million six hundred thousand US dollars) between 2012 and 2018.

In 2021, considering its plan to extend the mechanization of its mine, SMB is committed to continuing efforts to compensate landowners with a view to ensuring their relocation according to standards and national laws.