



Company Address

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2021 ANNUAL DUE DILIGENCE REPORT

28 February 2022

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1. Company Information and Policy Overview

Rutongo Mines Limited (RML) is a private Rwandan Mining Company that was awarded by the Government of Rwanda, a large-scale mining license N°001/MINIRENA/.16.02 of 29 January 2015 to operate the Rutongo mining area for 25 years. The licensed area covers a surface of around 10,000 hectares located in four administrative sectors of Rulindo District in the northern province of the Republic of Rwanda. RML exports tin concentrates exclusively produced from its own mining concessions.

Every year RML prepares an annual Due Diligence Report in line with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas especially in its step 5. The main purpose is to provide public confidence in the measures undertaken By RML in that regard.

The objective of the RML 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 practices. Our due diligence approach has been developed in a way that manages risks based on available information and make improvements over time.

RML utilizes RCS Global services, including traceability and due diligence systems to support our efforts. The Better Mining Program (BM), 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 RML. A Supply Chain Due Diligence Policy for responsible sourcing of minerals from conflict-affected and high-risk areas was adopted and made public. This report follows the commitments of that policy, which are our reference for responsible sourcing practices.

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 BM 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 Rutongo Mines seeks to address issues in a structural manner. Based on the Risk Assessment a comprehensive Corrective Action Plan (CAP) is provided to Rutongo Mines on a monthly basis by Better Mining 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, BM deploys a digital traceability system for materials from mine to export. The objective of BM-implemented traceability is to provide assurance that the minerals exported originate from BM-monitored mine sites and to protect against the smuggling and laundering of minerals into BM-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.

No mineral is purchased, received or otherwise gained from any source other than from RML own mining operations. Minerals are upgraded at RML own premises under the supervision of its own

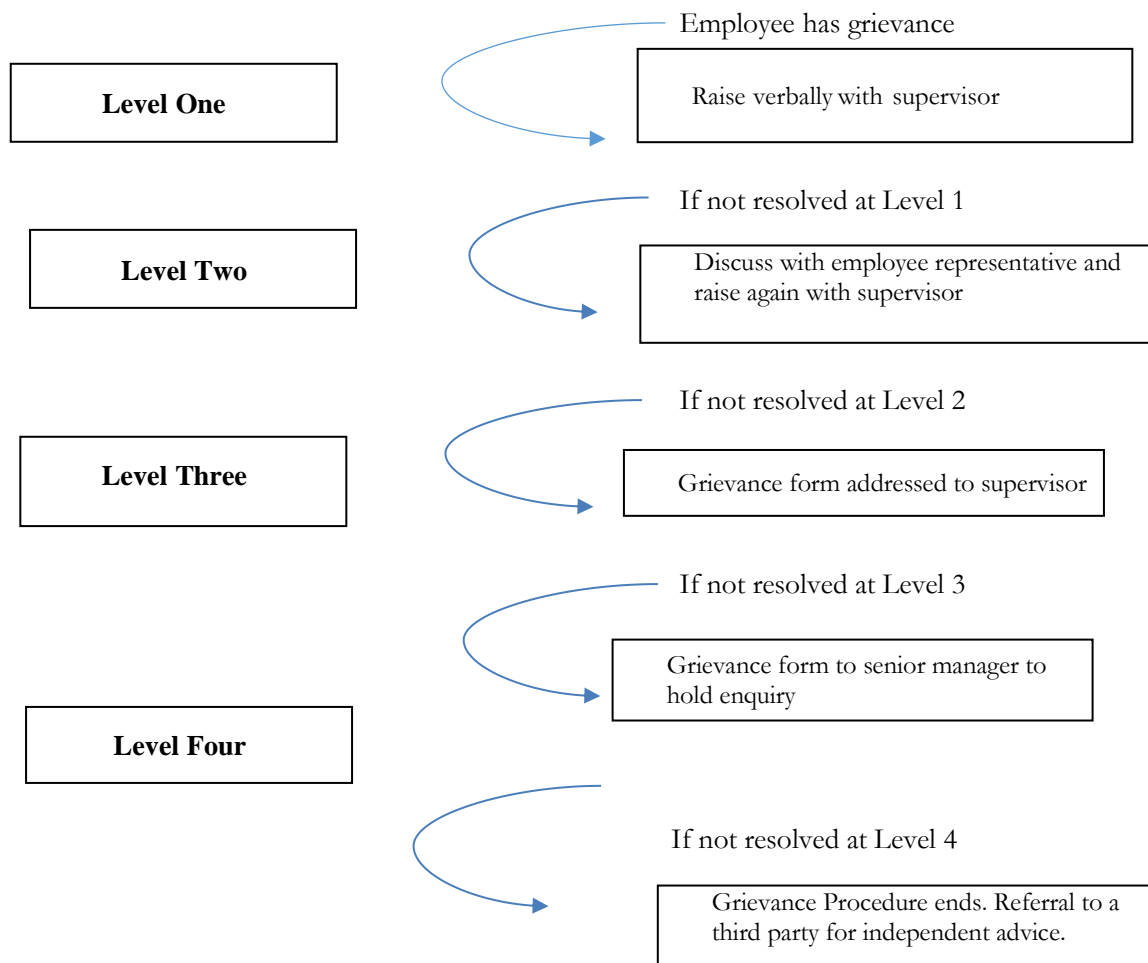
employees including Export Manager and processing supervisor under general supervision of the General Manager. With full traceability in place, mineral concentrates are bagged, tagged, recorded and the concentrates are exported directly from the Rutongo premises.

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. BSP representative permanently present at the mine sites and the Rwanda Mines, Petroleum and Gas Board Traceability officer deployed at the District level and who visits the mine on regular basis monitor closely the process. Alex Stewart International comes in as an independent Laboratory, takes samples and provide us with the Lab results and prepares the packing list after the mixing and puts their own seals.

RML applies then for export authorization from the RMB and the latter issues the ICGLR Mineral export Certificate and apply for the Certificate of Origin that is issued by the Rwanda Revenue Authority. Minerals and relevant tags are then loaded in trucks that are sealed and sent for export.

GRIEVANCE MECHANISM

Unethical or undesirable behavior or any violations of our company Code of Ethics can be reported to the Management. A Grievance Process for all internal employees and both internal and external stakeholders is managed as per below grievance procedure:

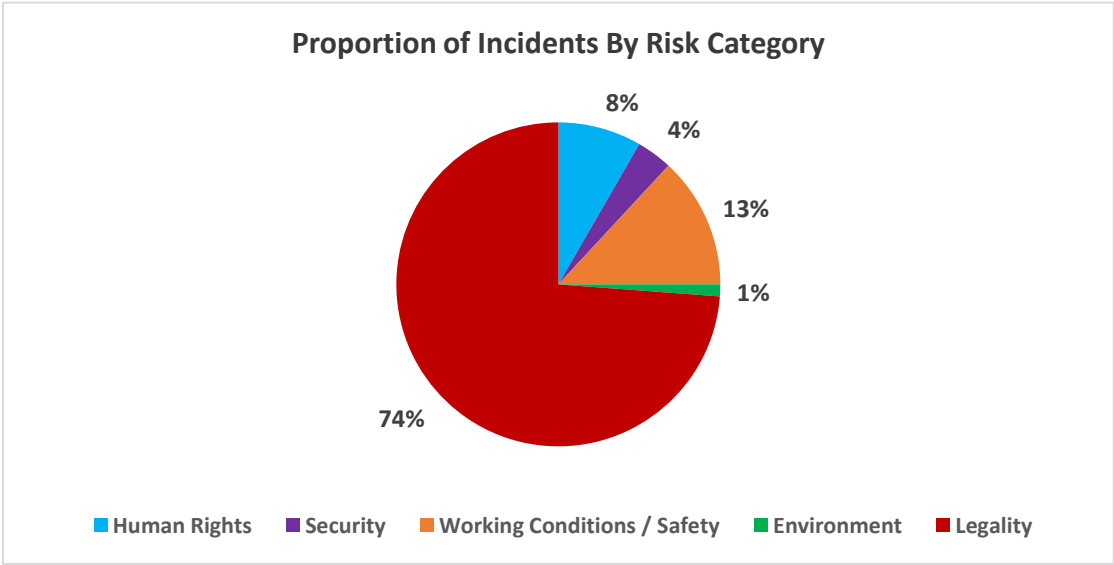


Stakeholders can also utilize the RCS Global Grievance Mechanism or the Responsible Minerals Initiative (RMI) Grievance Mechanism to raise concerns.

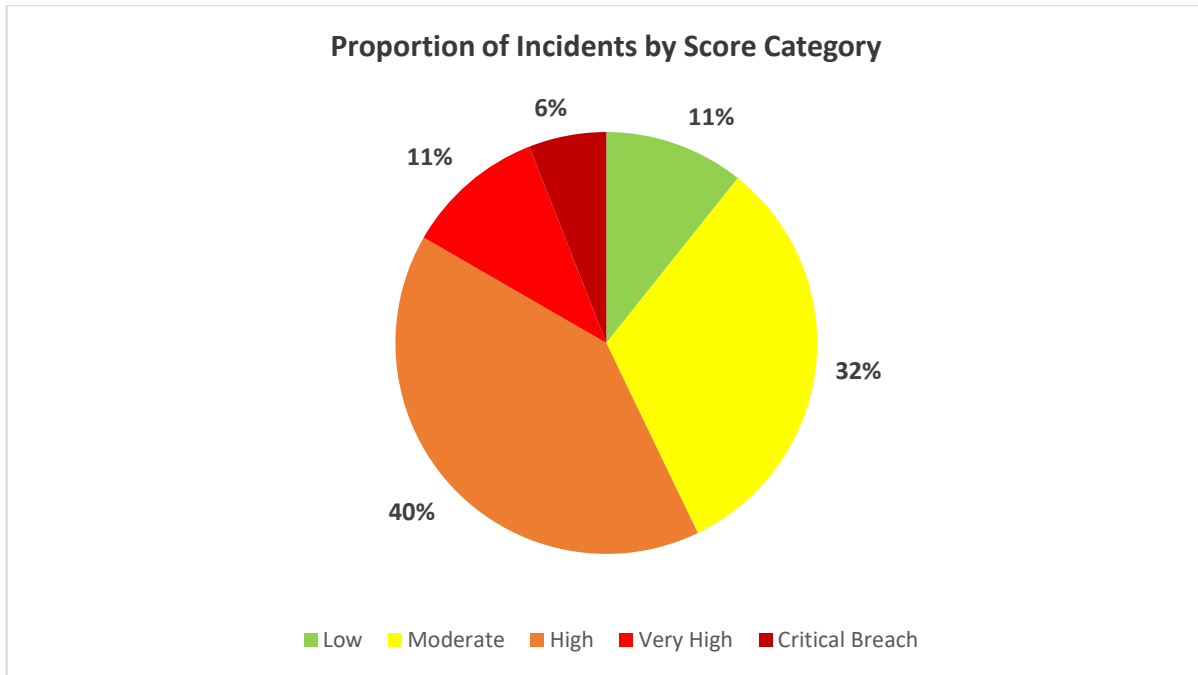
3. Annual Risk Mitigation Efforts

Better Mining operated at our site in 2021 on a near permanent basis. RML is an active member of the Rwanda Mining Association (RMA) and use this forum to discuss a wide range of issues, challenges and opportunities with other mining and trading companies. We participate in various meetings with Government stakeholders such as the Rwanda Mines, Petroleum and Gas Board (RMB). We also participated in a Key Stakeholder Workshop on fighting illegal mining organized by the Rulindo District and Northern province at Musanze in partnership with Rwanda Mines, Petroleum and Gas Board (RMB) and Rutongo Mines Limited as well as the Rwanda Environmental Management Authority, from the 14th to 16th December 2021. This workshop was a recommendation of the meeting held at Rutongo Mining School (IPRC) on illegal mining activities in Rutongo Mines concession chaired by Hon. Governor of Northern Province. The said meeting proposed among other things to study the issue of illegal mining and trading of minerals within the Rutongo Mines concession. The aim was to explore the issues and recommend further measures that could be taken in order to stop illegal mining as well as to make a sustainable way forward of eradicating illegal mining in the Rutongo concessions. We continue engagements with local government and other stakeholders on regular basis.

In fact, in 2021, **84** incidents were recorded. The vast majority of incidents (74%) related to illegal mining activities on the concession. Illegal mining remains a challenge at Rutongo despite significant progress on corrective actions and various efforts deployed including the above-mentioned. Only 7 incidents were in relation to Human Rights. These incidents included children engaged in mining activities alongside illegal miners on closed sites. Security incidents account for only 4% of the proportion of total incidents. These incidents included conflicts between Rutongo protection services and illegal miners on closed sections of the concession. Rutongo has made significant progress in improving working conditions on site and preventing injuries. The majority of incidents this year within working Conditions and Safety were in regards to illegal miners injured on closed sites.



The chart below shows the proportion of incident by severity for 2021.



During 2021, 5 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 working as part of illegal miners in illegal pits (not linked to active supply chain)	
Related Critical Breach Incidents			
Incident ID	RW-210212-0002	Incident ID	RW-210913-0003
Date	2/4/21	Date	9/11/21
Incident ID	RW-210312-0003	Incident ID	RW-211110-0002
Date	3/12/21	Date	11/8/21
Incident ID	RW-210420-0002		
Date	4/19/21		
Indicative List of Mitigation Actions Assigned			
Implemented			
<ul style="list-style-type: none"> • Increase security in and around inactive mine sites to prevent child labour linked to illegal mining (Rutongo hired over 165 new security guards in 2021) • Increased monitoring efforts on closed sites for children • Hire a teacher and engage local schools to raise awareness among children of the dangers of illegal mining on Rutongo’s concession • Regular meetings with local authorities and community to discuss solutions to illegal mining and child labour 			
In Progress			
<ul style="list-style-type: none"> • Continue to discuss with local government and security organs on the fight against illegal mining and children’s involvement in illegal mining activities 			

Not Started

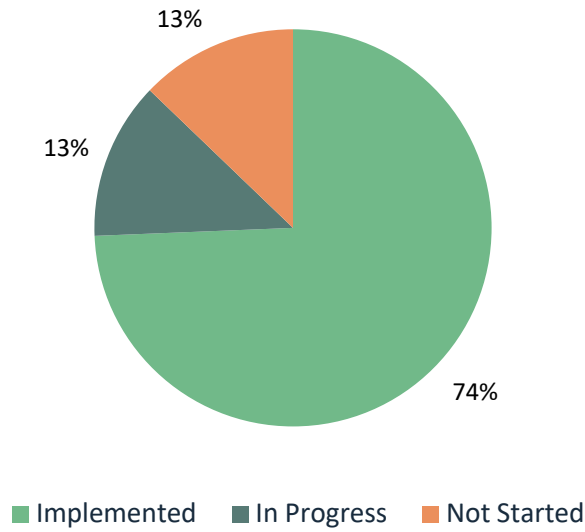
- Engage with the local radio station to diffused a communication campaign that children are not allowed on mine sites

As a result, the following risks were identified in the Rutongo Mines supply chain. The below table shows the average score recorded during 2021 for each risk.

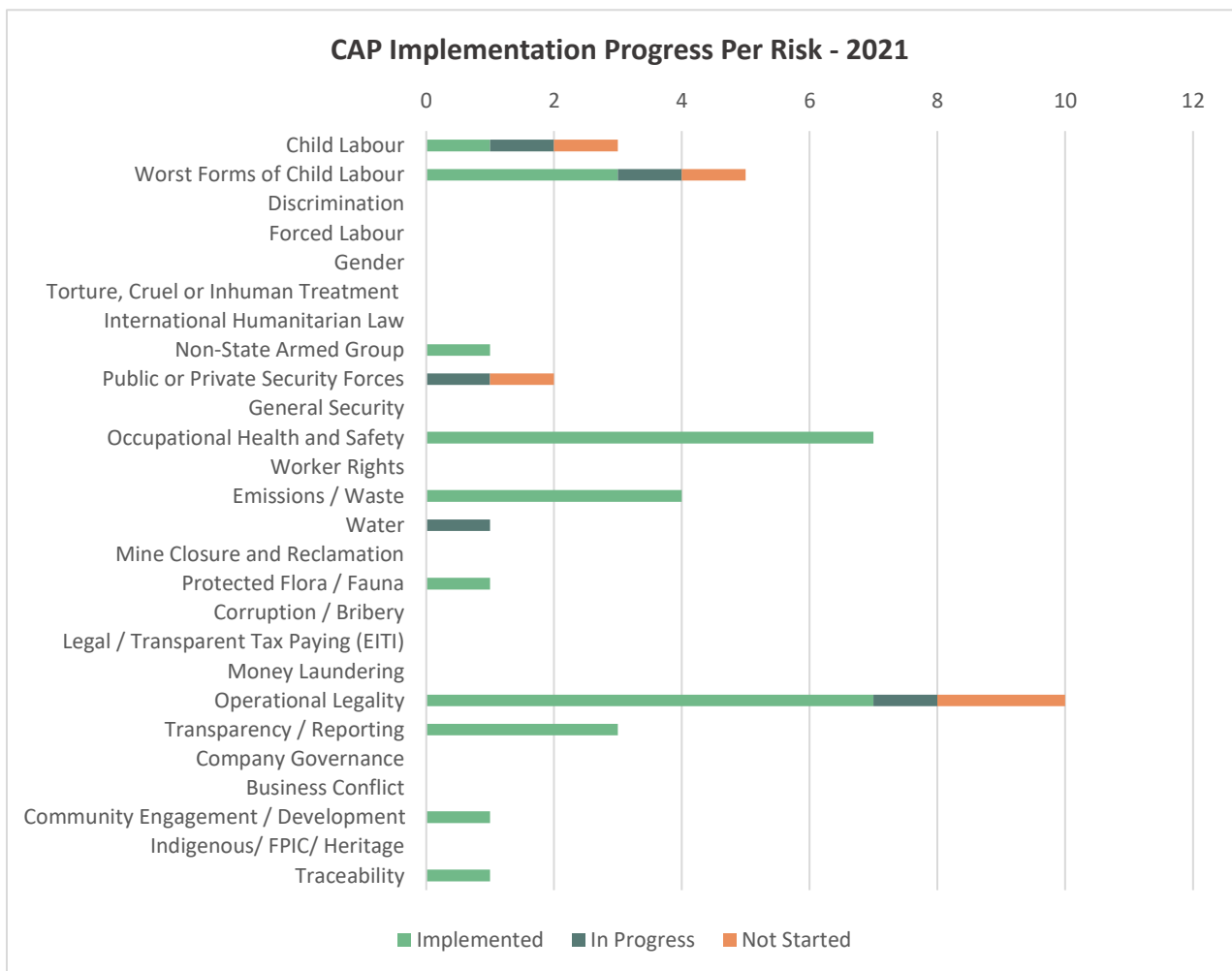
Risk category	Risk	Risk Score
Human Rights	Child Labour	Moderate Risk
	Worst Forms of Child Labour	High Risk
	Discrimination	Least Risk
	Forced Labour	Least Risk
	Gender	Least Risk
	Torture, cruel, inhuman treatment	Least Risk
Security	International Humanitarian Law	Least Risk
	Non-State Armed Group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

To mitigate the identified risks Rutongo Mines worked on implementing **39** mitigation actions following the guidance of the BM-issued Corrective Action Plans. Over the past year **74%** actions were successfully implemented. For **13%** mitigation actions the implementation is still ongoing and **13%** actions are yet due to be started. The chart below shows the over CAP implementation by the end of 2021.

Overall CAP Implementation Progress - 2021



The below chart shows the rates of implementation for each risk that has been identified during 2021.



The International Conference on the Great Lakes Region (ICGLR) Audit Committee conducted an independent/third party audits on RML and the preliminary report shared in January flagged the Company with **GREEN STATUS** as no significant issues were observed regarding involvement

with/of non-stated armed groups, human right abuse, and transparency in the company's operations and chain of custody system among other areas.

4. Brief description of implemented mitigation actions

Transparency/Reporting

The 2020 Annual Report on Due Diligence and the Supply chain policy were published on RCS Global website.

Child Labour and WFCL:

RML only recruits employees from the age of 18 years old and above and no child is involved in its mining operations. But unfortunately, we don't have total control of illegal mining operators and their illegal enterprises. The potential involvement of children in illegal mining activities and the issue of child labour is of our concern and measures to eliminate are ongoing.

It is in line with the above, that RML has deployed considerable efforts in fighting this illegal enterprise during 2021. The Security / protection services team capacity was strengthened by recruiting 168 additional security guards and therefore patrols were increased around the concessions and more people deployed to inactive sites.

Any signs of children within the mining sites are photographed, documented and shared with relevant authorities for further action. Furthermore, an awareness campaign against child labour and all sort of child involvement in mining activities was carried out. Schools including EP Karambo B, GS Kanyoni Primary, GS Kanyoni, Masoro Learning and Sports Center were visited in order to raise awareness among children on the dangers of illegal mining and the involvement of children therein.

Non state armed group

There are no nonstate armed groups active in the concessions area.

Health and Safety

5 additional safety employees were added to the existing team in order to strength the capacity of safety team. In addition, each active mining tunnel has Safety Representatives to ensure daily checks on tunnel safety. Furthermore, RML has backfilled and closed the abandoned pits used by illegal miners frequently at night and shall continue identifying new ones and continuously backfill and close them.

Operational Legality:

RML has deployed many efforts towards fighting illegal mining activities. A joint taskforce on illegal mining, improved coordination with local government and community, community-wide meetings to communicate the dangers of illegal mining. More projects are planned in the year 2022.

RML is progressively resuming works at the sites that were closed as previously reported and we have been reinforcing security on those areas newly opened and those not yet open. In parallel, we have been working with the local authorities and security organs to reduce this practice to a point where the illegal mining and trade of minerals will cease through the above-mentioned joint taskforce.

Every month RML has been holding monthly meetings with a working group comprised of local government and community representatives to implement a strategy to mitigate the risk of illegal mining. RML, in collaboration with local authorities have been informing Rwanda Investigation Bureau and Rwanda National Police to carried out joint operations arresting illegal buyers and illegal miners.

Public or Private Security Forces:

RML uses direct employees in the protection services and collaborates with state security organs in that regard. During the period covered by the report, RML held consultative meetings with stakeholders including mainly the BM Country team and the need for a training on Voluntary Principles on Security and Human Rights was identified and therefore, RML shall train the protection services Team in 2022.

Community engagement/development

RML is holding monthly meetings with all local community leaders. RML cares about the mines neighboring communities.

Furthermore, district authorities and RML identified the following priorities areas for action:

- Agriculture and livestock
- Change of mind-set as far as illegal mining is concerned
- Management of state-owned forests within the concession and creation of employments
- Environment protection within the concession using the local populations and generate income to the said community.

These activities and related sub activities will be implemented and reported to stakeholders progressively.