



# Due Diligence Annual Report

## 2022

### Introduction

Exercise of due diligence is the ongoing, proactive process that enables companies to ensure that they respect human rights, that they do not contribute to conflict, and that they respect international law and comply with national laws, including those relating to minerals supply.

The main purpose of this supply chain due diligence is to ensure that all persons acting on behalf of Kimin perform their activities in an ethical way and in accordance with laws and regulations and with the standards. Company sets through its policies, guidelines, and rules; provide all our stakeholders with information on the progress made during 2022 on the implementation of our responsibly sourcing and due diligence commitment, and to provide transparent information on the implementation of our due diligence management system.

Our due diligence system and policy have been designed in line with the expectations of the OECD Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, which is considered the best practice framework for responsible sourcing and due diligence in minerals supply chain.

This report is structured around the five steps of this framework:

- Step1: The establishment of a strong management system;
- Step2: the identification and assessment of risks in our supply chain;
- Step3: where risks are identified during step2, the design and implementation of a strategy to respond to identified risks;
- Step4: promotion of third-party audits along our supply chains, and independent audit of Kimin's own due diligence system;
- Step5: reporting on supply chain due diligence.

### Company Information

Company Name:		Type	
KISANFU MINING SAS		SUPPLIER <input checked="" type="checkbox"/>	CUSTOMER <input type="checkbox"/>
COMPANY/ORGANISATION DETAILS			
Registration Name	KISANFU MINING SARL Mine Titleholder		
Registered Address	588, ROUTE KIPUSHI, COMMUNE ANNEXE, LUBUMBASHI,		
Business Address	588, ROUTE KIPUSHI, COMMUNE ANNEXE, LUBUMBASHI,		
Address of Other Offices and Plant (If any)	VILLAGE KISANFU, SITE DE KISANFU , 55 KM A L'EST DE LA ,VILLE DE KOLWEZI, TERRITOIRE DE LUBUDI, DEMOCRATIQUE DU CONGO		
Contact E-mail	info@kisanfumining-drc.com		
Contact Phone	+243 810005211		
Date of incorporation	15 <sup>th</sup> FEBRUARY-2010		

Business Registration Number	6-128-N57128 B
National Identification Number	<b>RDC ID Nat: 6-128 N57128 B</b>
Tax identification/Registration Number	<b>RCCM : 14 B 1760</b>
VAT Registration Number	<b>A 1004150 Y</b>

**Step 1: ESTABLISHMENT OF A STRING MANAGEMENT SYSTEM**

KIMIN aims to operate as a seamless organization that acts and look like one company and maximizes the benefits of standard and share approaches for every activity.

The Company objective is to maximize its value and long-term return to shareholders through a strategy of investing in large, cost competitive mines and businesses driven by the quality of each opportunity.

Wherever Kimin operates, due diligence, health and safety of our employees, and a contribution to sustainable development, are key priorities. We work as closely as possible with host countries and communities, respecting their laws and customs and ensuring a fair share of benefits and opportunities.

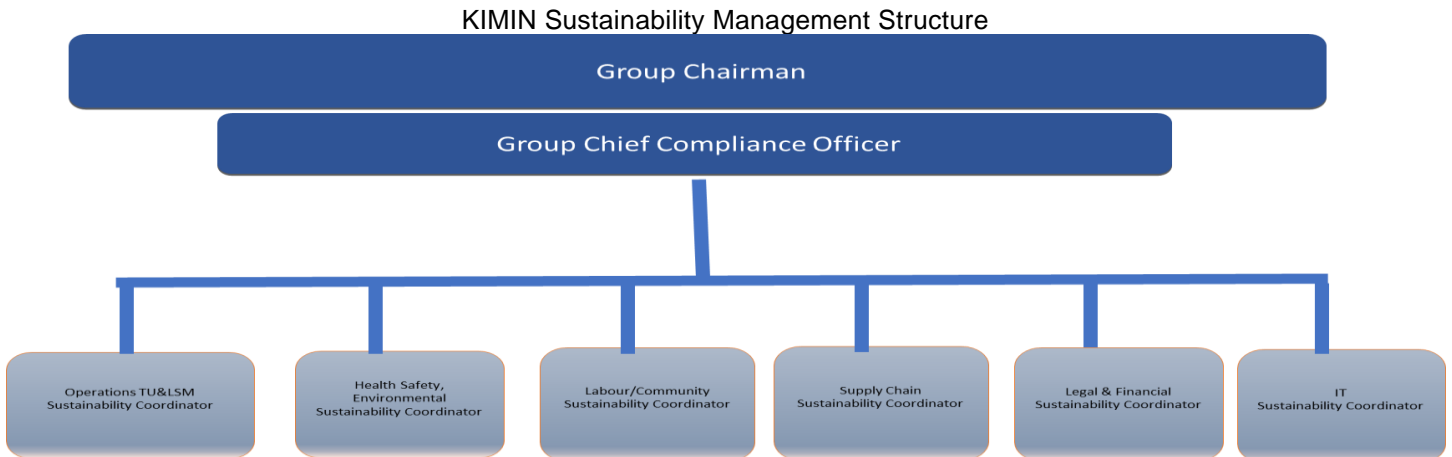
As reflected in our policies, Kimin is committed to responsible sourcing throughout its supply chain. Recognizing that risks of significant adverse impacts may be associated with the extracting, transportation, handling and operation of minerals, in particular when sourcing from Conflict-Affected and High-Risk Areas (CAHRAs), Kimin sets a number of principles in its Responsible Sourcing Policy and continuously strengthens its management system for due diligence.

**Responsible sourcing policy**

Our Responsible Sourcing Policy and Code of Conduct for partners are available on our Sustainability Webpage in the section Responsible Sourcing Program. The due diligence is applicable to all our copper & cobalt group workers' material suppliers and service providers.

**Internal Management**

Kimin Chief Compliance Officer (CCO) leads the due diligence system and the audit program. In doing so, The CCO works closely with Procurement on dealing with our business partners. Any potential red flags that arise with regards to the company's sourcing practices. The CCO reports to the board on these issues.



In alignment with the framework, Kimin employees and contractors receive induction sessions and ongoing training on a range of compliance issues. Training includes guidance on important topics such as raising concerns, facilitation payments, the giving and receiving gifts and entertainment and dealing with public officials. We tailor our training and make it relevant for our employees by including real-life hypothetical scenarios that illustrate how legal and ethical concerns might manifest themselves in daily work activities.

To ensure the effective implementation of the Kimin due diligence framework, respective mine and treatment units has appointed due diligence coordinators whose role is to support the operations and employees in day-to-day business considerations.

The management structure at Kimin also includes senior Managers for finance, operations, Human Resources, Community Development, health & safety, security, Procurement and Logistic.

#### Control and transparency

We maintain a **Supply Chain Map of** all our suppliers with information about the different tiers down to the origin of the raw materials (When possible). To collect this information, we engage with our suppliers through, among others, sustainability and traceability questionnaires, digital platform, publicly available information, interviews, and on-site visits. All documents accompanying goods are also scanned and archived on our servers, guaranteeing computerized traceability between supplier's document and our unique receipt numbers.

## **Step 2: RISK IDENTIFICATION AND ASSESSMENT IN THE SUPPLY**

In accordance with the recent Implementation on the OECD Guidance, Kimin's policy has evolved to a risk-based approach to responsible sourcing and consequently does not exclude entire countries from its supply chain unless otherwise required by regulations (e.g., embargo, sanctions).

Human rights, social and environmental risks are identified through below dimensions, not mutually exclusive:

### **Security and Human Rights**

Lubumbashi is a highly populated area with a high poverty rate and Kimin requires a security approach which protects people and assets while upholding respect for human rights. We deploy internal and private security to conduct control and containment operations. There is also public security on site (Police des mines), as mandated under the DRC Mining Code. In line with our Human rights policy, Kimin is committed to the voluntary principles on security and human rights. Kimin applies the Voluntary Principles using 5 steps approach:

- Understanding the risks through cross-functional risk assessment
- Strong engagement with the security providers, incorporated in contractual requirements.
- Raising awareness through human rights training
- Internal control including mixed patrols on-site and incident monitoring.
- External monitoring vis engagement with community and concerned parties.

### **Ensuring No Child Labor**

The presence of child labor in Lubumbashi area is a well-known issue, however it is related to ASM rather than to large-scale operations. Kimin has strict employee screening, ID check and access control measures to ensure that no one under the age of 18 is employed either directly or indirectly vis contractor/supplier.

### **Anti-corruption/Bribery**

Our position on bribery and corruption is clear. We do not engage in corrupt conduct, and it is unacceptable to offer, pay, authorize, solicit and accept bribes. The Kimin anti-corruption policy set out conduct expected of each of the

employee so that we can respect applicable anti-corruption laws and secure our long-term presence as a responsible business in copper & cobalt operations.

All our employee, Managers, HODs, Supervisors, contractors and business partners are therefore required to take personal responsibility for implementing the policy and take part in training related to bribery and corruption risks.

We also conduct risk-based due diligence on third party to identify any concerns or red flags that may exist and to take steps to measure, manage, monitor, and mitigate the risks associated with these relationships.

### **Payment to governments**

We pay relevant and applicable taxes, royalties and levies required by local and national regulation in DRC. This includes local, national, sales and employment taxes, government royalties and license and permits fees. In addition, we contribute to local economies through our use of suppliers, employee wages and employee benefits, voluntary supports of socio-economic initiatives such as health and education projects and infrastructure development. We welcome fiscal transparency, as it encourages the responsible management of revenues from extractives activities. We are a supporter of the Extractive Industry Transparency Initiative (EITI) and its principles of transparency and accountability.

Taxes, fees and royalties paid to government related to the transport of minerals (\$)	7745433
Payments made to government agencies and officials related to the mineral transport (\$)	40942
Payments made to public or private security forces or other armed groups at all points in the supply chain from extraction onwards (\$)	50131
Import duties (\$)	1962826

### **Community development contribution**

At the end of Law No. 18/001 amending and supplementing Law No. 007/2002 of July 11,2002 on the Mining Code, the Congolese legislator placed a very particular emphasis on the contribution of the mining sector to the development of communities impacted by mining activities. This contribution passes through three subnational payments including:

- The specifications which is a document which summarizes a compromise between the company and the communities impacted by its activities. This compromise includes various basic infrastructures and their direct financing by the Company for the benefit of impacted communities. (Art. 285 septies CM)
- The mining royalty is drawn from monthly sales and calculated based on a formula well determined by the local mining administration and distributed according to a well-defined key for the central government, the province, and the decentralized territorial entity. (Art. 240-242 CM)
- The minimum allocation of 0.3% which is drawn from the annual turnover of the company and calculated based on a formula clearly determined by the mining administration. (Art. 258 bis and 285)

### **OF OUR CAHIER DE CHARGE:**

The execution of the projects planned for the communities around our Lubumbashi site is struggling to get off to a good start due to a lack of spaces specific to the Congolese State. Because we cannot carry out an infrastructure on the plot belonging to a citizen. These are for example: Project to rehabilitate markets which are all located in citizens' plots, spaces to build schools and health centers, etc.

### Step 3: RISK MANAGEMENT PLAN

Kimin does not purchase any third-party mineral, so there are no external suppliers of copper nor cobalt. All the materials processed at the treatment units is from Kimin owned operations. Kimin therefore has direct visibility and control over the OECD Guidance risks described in Annex II and manages them through its own policies and procedures. These are defined by the Sustainability Supply Chain Framework and include the following:

- Code of Conduct
- Anti-corruption and anti-bribery Policy
- Human Rights Policy
- Sustainability Policy
- Tax Policy

Kimin has defined expectations for its suppliers which are specified in the Sustainable Supply Chain Code of conduct. These standards cover all the risks identified in AnnexII of OECD Guidance. This apply to all of the Kimin workers, suppliers/Contractors and are incorporated into supplier/service providers' contract.

Should potential risks be identified through further scheduled risk assessment activities, a risk management plan will be designed and implemented in collaboration with the suppliers and affected stakeholders, where appropriate.

Risk management plan will refer to our Responsible Sourcing policy and the OECD Guidance. The actions will be considered depending on the severity of risk identified, they will be closely monitored, and re-evaluated.

### Internal System of Control

#### Chain of Custody

Kimin maintains direct control over all its copper & cobalt material sources. The material movement is tracked throughout using sampling and measurement systems for mass and quality controls for materials supplied from its own mine pit

Before leaving Kimin for export, each cobalt bag; copper cathode pallet is sealing and tagged with codes and truck cargo is also securely locked. Its journey to the clients is monitored vis tracking system and a secure chain of custody is ensured through appropriate security escorts and check points.

### Grievance Mechanism

Every employee working for Kimin, including contractors and suppliers, must promptly raise any situations in which the Kimin code of conducts, its underlying policies, or the law, appear to have been breached. Concerns can be raised confidentially and without retaliation and the existence this platform is communicated as part of the annual training and communication channels (intranet, mail, notes and signs on-site). Group Grievance mechanism is made available to respective stakeholders.

### Step 4: AUDITING

#### Internal Audits

Internal Audits were conducted with below schedule and criteria:

Internal audit Date	Audit Criteria
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29 to 31.03.2022 Mine	Legal compliance
09 to 12.04.2023 TU	Business Integrity
15 to 18.06.2022 Mine	Stakeholder engagement
21 to 23.06.2022 TU	Child Labor/Forced Labor/Human Right
11 to 13.10.2022 Mine & TU	Freedom of Association and collective bargaining
	Discrimination and Harassment/Gender equality
	Working condition (Occupational Health & Safety, Renumeration, Grievance Mechanism.
	Environmental Management (Resources management, Land acquisition and resettlement, cultural heritage, Biodiversity and protected areas, Indigenous people, waste management, Greenhouse gas (GHG))
	Community Health & Safety
	Supply Chain Due Diligence
	Transparency & Disclosure
General conclusion upon audits findings:	Effective control measure through identified risks: Low

### Third-party Audits

As part of our Responsible Sourcing program, we have designed an audit program which includes third-party auditing.

KIMIN's own due diligence system was subject to two independent third-party audits in 2022:

RCS Global Company	RMAP Mock audit
Mineral Supply Chain Mapping & Responsible Sourcing Annual Audit	Responsible Mineral Initiative (RMI), Responsible Minerals Assurance Process (RMAP)
7 – 10 November 2022	8 – 10 November 2022
Audit Criteria:  OECD Due Diligence Guidance for Responsible Supply of Minerals from Conflict-Affected and High-Risk areas, 3 <sup>rd</sup> Editions (OECD Due Diligence Guidance)  IRMA Critical Requirements from the IRMA Standards for Responsible Mining v.1.0-June 2018.	Audit Criteria:  Responsible Mineral Initiative (RMI),  Responsible Minerals Assurance Process (RMAP)  OECD Due Diligence Guidance for Responsible Supply of Minerals from Conflict-Affected and High-Risk areas, 3 <sup>rd</sup> Editions (OECD Due Diligence Guidance)  IRMA Critical Requirements from the IRMA Standards for Responsible Mining v.1.0-June 2018

Audit Criteria:

RMAP standards, developed to meet the requirements of the OECD Due Diligence Guidance; the Regulation (EU) 2017/821 of the European Parliament and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act.

Audit Conclusion: Audit Findings CAP progressing

**2022 Social development summary**

• **Entrepreneurship:**

-Distribution of seeds, fertilizers and insecticides for vegetable cultivation:

YEAR	HECTARES COVERED	FARMERS BENEFITTED
2021	50	197
2022	50	398
TOTAL	100 ha	595 farmers



Distribution of seeds, fertilizers and insecticides for maize cultivation:

YEAR	HA COVERED	FARMERS BENEFITTED
2021	40	218
2022	40	349
TOTAL	80 ha	567 farmers



**Infrastructure:**

\*Drilling of 6 solar panel borewells at (1Dikanda, 4 Kisanfu, 1 Mumba village)for potable water to local community

\*1 Market with an occupancy of 40 vegetable sellers in Dikanda village.

\* 1 bridge of 4 by 9 m connecting Kawala and Dikanda villages.



**Education:**

-Primary school with 6 classrooms, sanitary and admin block constructed with 120 desks and other furniture supplied.

-Current Occupancy of the school nearly 1000 students in two shifts

- Solar electricity was provided to the school by affixing solar panels and batteries.



**Step 5: REPORTINGS**

This Supply Chain Due Diligence Report fulfils our reporting expectations and is available on KIMIN website

[www.kisanfumining-drc.com](http://www.kisanfumining-drc.com)

Government Payment

Jan 2022 to March 2023		Kimin (\$)
Identify all taxes, fees and royalties paid to government related to the transport of minerals	Raw Materials	NA
	Cathodes & Hydroxides exportation	22,510,013
Identify all payments or compensation made to government agencies and officials related to the mineral transport	Raw Materials	NA
	Cathodes & hydroxide exportation	NA



Identify all payments made to public or private security forces or other armed groups at all points in the supply chain from extraction onwards	Raw Materials	NA
	Cathodes & hydroxide exportation	NA