



2017-18 Public Due diligence and Risk mitigation report

2017 was defined by our complete management and staff changes at our daughter company Minerals Supply Africa Ltd (MSA) whom we still source 100% of our minerals from. In January of 2017 we completely changed the company personnel from top management down. In total more than 40 new staff members joined the remaining team at MSA. The good news was that we were able to study and improve our Due diligence measures.

This clearly presented some challenges, while the new team learnt the ropes, but we are pleased that they were up to speed very quickly. However it was still a learning curve for most of the year.

2017 saw a marked increase in incident reports relating to violence in the DRC, mainly due to instability over the required Presidential elections that were postponed to 2018. However, volumes being exported out of the DRC increased due to improved international markets and rising prices. Whereas volumes exported out of Rwanda of the 3Ts remained pretty stable.

Our fundamental procedures for carrying out Due diligence has not changed, since we judge it is the most comprehensive way of obtaining 'on the ground' information in regard to our suppliers. We read all available reports including the UN, NGO, iTSCi and their on the ground teams, we listen to our suppliers and the local press and NGO reports (see links below) and from GMD, Rwanda. Also the Geologist at Mineral Supply Africa Ltd (our sister company) Mr Jean De la Paix who is trained to spot potential risks when he visits the mine sites that we purchase from, makes regular visits to the mine sites and then return to the office and writes a report which he circulates to the management and the marketing team at MSA.

<http://www.un.org/en/sc/documents/resolutions/>

https://www.itri.co.uk/index.php?option=com_zoo&view=frontpage&app_id=4&Itemid=60

http://www.enoughproject.org/conflicts/eastern_congo

<http://www.globalwitness.org/all-regions/countries/democratic-republic-congo>

<http://www.newtimes.co.rw/news/>

Cronimet Central Africa's oversight of our daughter company has also improved, after our audit last year pointed out some flaws in our system. This means that we now have three lines of double check at our offices.



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We use the iTSCi produced documents below (which have not changed from last year) as well as the Rwandese governments – GMD agent recommendations:

- Incident reports – these include all incidents from incorrect tag numbers due to clerical errors through to companies who have been found to have untagged minerals in their premises. One such company was suspended from the iTSCi program after not being able to explain the situation.
- Mine visit recommendations – This is a list of mines sites that iTSCi /PACT staff has visited and mine production capability could not be fully reconciled. The report advises all iTSCi members dealing with these mines to perform a further risk assessment.
- Monthly country or region report which is issued by PACT and reviews the general situation on the ground. Including any governmental or provincial meetings that were held and the issues that were discussed.
- 6 monthly field reports which include data on tonnage produced per area and for each mineral. Thereby giving base information on confirmed production levels in each area.
- Regular governance assessment reports which describe general improvements and risks in relation to OECD Annex II.

All of the above assist us to monitor the performance of our supplier.

For further information on our daughter company, Mineral Supply Africa Ltd's Due diligence work throughout the year, please visit their web-site: <https://msaltd.net/>

To check the iTSCi audit performed on Cronimet Central Africa AG please visit: <https://www.itsci.org/info/>



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Statistics on our daughter company MSA's Due diligence activities for Year 2017

Month	Risk assessment or incident identified in the minerals supply chain	Type of mitigation measure taken by MSA to avoid the risk	Number cases
January	MSA own risk assessment: surge in production.	Mine visit: production matches with size of mining activities on ground.	1
February	MSA own risk assessment: Follow up on regular supplier.	Mine visit: production matches with activities on ground.	1
March	MSA own risk assessment: New supplier	Mine visit: production matches with mining activities on ground.	1
April	MSA own assessment: new supplier	Mine visit: reported production matches with activities on ground.	1
	iTSCI due diligence monthly report: production not matching size of mine activities on site; reduced number of mine tags.	Mine visit: monitoring change in production.	1
May	MSA own risk assessment: new supplier	Mine visit: reported production matches with activities on ground.	1
	iTSCI due diligence monthly report: reported production by the company does not seem to match with realities on ground; reduction of tags	Mine visit Monitoring change in production	2
		Stop temporarily buying production	1
June	MSA own assessment: New supplier	Mine visit: reported production matches with mining activities on ground.	2
July	MSA own assessment: Follow up on regular supplier	Mine visit: reported production matches with size of activities on ground.	2
September	iTSCI due diligence monthly report: reported production by the company does not	Mine visit Monitoring changes in production	1



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	seem to match with the size of mining activities on ground.		Stop temporarily buying from the company.	2
October	iTSCI due diligence monthly report: production not matching size of mine activities on site	Mine visit: No risk; Reported production matches with activities on ground.		1
December	iTSCI due diligence monthly report: production not matching size of mine activities on site.	Mine visit:	No risk reported production matches with size of mining activities on ground	1
			Monitoring change in production.	1
			Stop temporarily buying production.	1

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