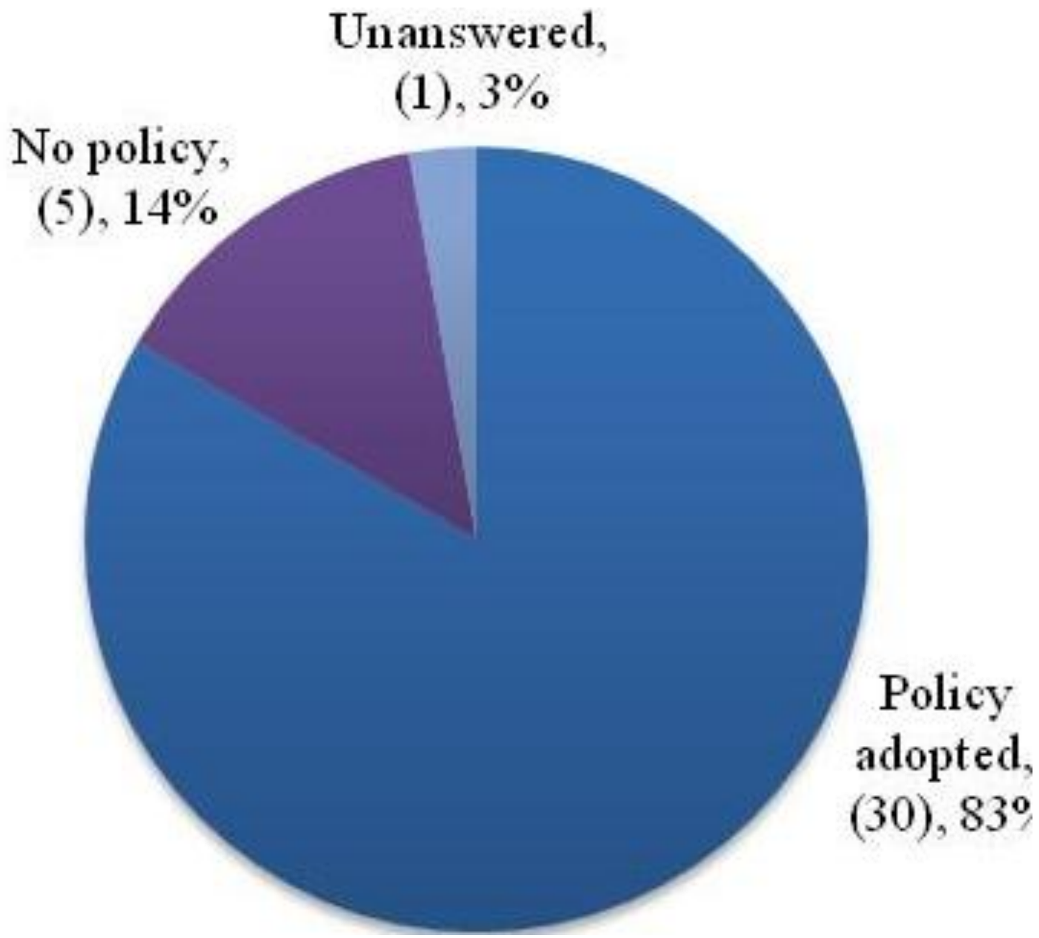
Detailed Findings on Due Diligence Implementation

Cycle 2- May 2012.

STEP I – Establish strong company management systems

Adopting a supply chain policy:

83% ✓



9 companies shared their policies with the team

STEP I – Establish strong company management systems

***Information collected by local mineral exporters*:**

1. **Taxes, fees or royalties paid to governments ✓**
2. **Mine of mineral origin ✓**
3. **Transportation routes ✓**

4. **Payments to public/ private security forces ✗**

STEP I – Establish strong company management systems

Establish a system of controls and transparency over the supply chain

- Chain of custody/ traceability systems:

1. **The ICGLR chain of custody system**
2. **The iTSCi traceability system**
3. **MetTrak**

STEP I – Establish strong company management systems

Cash purchases > not possible to identify a general trend with regards to avoidance of cash purchases

7 participants affirmed they avoid cash purchases, while **12** said the majority of their transactions are cash purchases.

Illustrative example: on site bank in a Rwandan mine site

STEP II – Identify and assess risks in the supply chain

- Out of the 37 participants who answered this question, 30 participants indicated to have undertaken a supply chain risk assessment

!! No risk assessment tools/documentation was shared with the team.

STEP II – Identify and assess risks in the supply chain

- 70% took steps to verify chain of custody and/or traceability information with on-the-ground information

- 20 participants reported deployment of on-the-ground networks based in the mines of mineral origin and along transportation routes

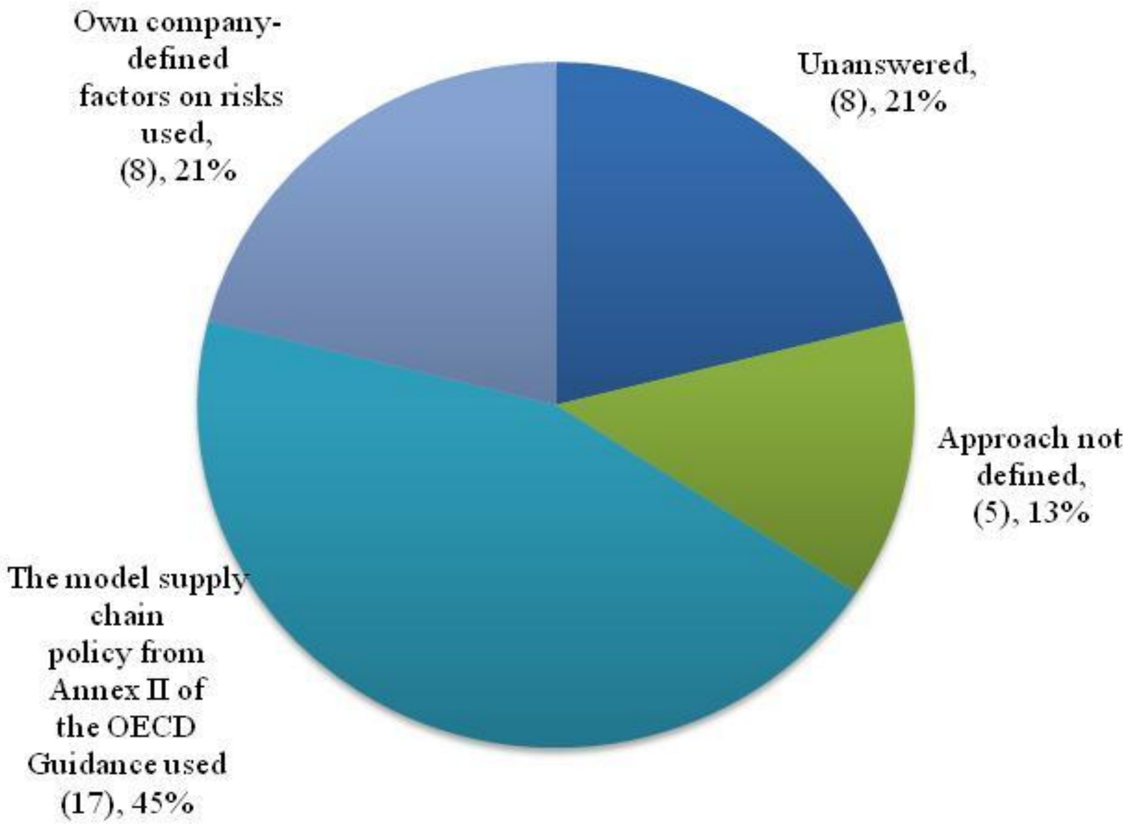
Local actors did not confirm the existence of these on-the-ground teams

STEP II – Identify and assess risks in the supply chain

- Using Annex II to assess risks in the supply chain > progress still needs to be made.
- 20 participants confirmed using Annex II, in contrast with 15 that stated they did not use it.

Any inconsistency between Annex II and the factual conditions of minerals extraction and trade qualifies as a risk under the Guidance

Step III – Design and implement a strategy to respond to identified risks



Step III – Design and implement a strategy to respond to identified risks

- 14 companies stated they worked in consultation and agreed on the risk management strategy with suppliers and other stakeholders (=local and central authorities, CSOs)

- 11 gave a negative response and 14 did not provide any answer

Step III – Design and implement a strategy to respond to identified risks

- Risk mitigation measures regarding adverse impacts for artisanal miners

Katanga > one cooperative put in place risk mitigation measures to improve the social conditions of artisanal miners

- Risk mitigation regarding security-related issues

South Kivu > Projet de sensibilisation des militaires des FARDC

Step IV – Carry out independent third party audits

Due diligence practices should be audited at smelter-level

- 12 companies reported that they participated in supply chain-specific audits
- 9 audited by iTSCi/ Channel Research
- 1 audited by BGR, in the CTC framework
- The others did not provide further details

Step V – Report annually on supply chain due diligence

- 13 participants say they report publicly on their due diligence policies/ practices.

  No report was shared with the team

- 2 participants say they only report through internal documents; 6 do not report at all