



ANNUAL DUE DILIGENCE REPORT FOLLOWING THE OECD GUIDANCE RECOMMENDATIONS
DATED 31/12/2019

1. Specialty Metals Resources S.A & Ltd (hereafter “SMR”) Mineral Sourcing Policy

SMR assures that any activity whether it being trading, tolling or marketing of conflict minerals are totally conflict free. These conflict minerals are tantalum, tungsten, tin and gold according to the US Security and Exchange Commission (SEC) and Section 1502 of the Dodd–Frank Wall Street Reform and Consumer Protection Act (2010). This includes the above-mentioned metals that originate from the Democratic Republic Congo and the adjacent countries. A due diligence compliant with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (second edition) is performed on the source and supply chain of these minerals and the operation of the supplier. This includes identification and risk management of serious abuses associated with the extraction, transport or trade of minerals; direct or indirect support to non-state armed groups; public or private security forces; bribery and fraudulent misrepresentation of the origin of minerals; money laundering; payment of taxes, fees and royalties due to governments.

This furthers the objectives and guiding principles laid out in SMR’ Code of Conduct to conduct business in an ethical manner and in accordance with all applicable laws and regulations.

2. Due diligence plan and Investigation of complaints at SMR

The compliance officer will investigate all alleged violations fully in doing so respect the confidentiality and sensitivity of the matter in as short time as possible in order to complete a thorough investigation report and send it directly to the Managing Director and other board members by email or if urgent by phone or text message.

3. Management Responsibility and Corrective actions at SMR

- SMR has the following people in charge in its organization and responsible for the OECD guidance;
 - Compliance officer: Quentin Lamarche
 - Managing Director: Philippe Lavagna
- SMR compliance officer will recommend corrective action to the Managing Director and board of directors;
- If needed and for urgent matters the compliance officer can inform directly the Managing Director and the other members of Board;



- SMR, its compliance officer, its Managing Director, Board make sure that there is no retaliation for whistle blowers and they ensure anonymity and confidentiality of the source of information for its protection.

4. SMR's Due diligence Management Systems

The SMR's Due Diligence Management System is in place since 2009 and we continue update and improved its quality and efficiency. The system includes the following:

- Education/Training with check list to be used for the Due diligence, Risk assessment requirements and the OECD guidance for all staff members across all SMR departments from managers to the staff. SMR trained its managers in order for them to be in a position to report well to the Board and inform the staff and other employees dedicated to the filing of all documents relating to chain of custody, or to the employees collecting information needed for the SMR's Due diligence and risk assessment;
- Appointment of a responsible officer: Managing Director Philippe Lavagna is in charge, responsible, trained and regularly communicates with the other members of the Board of SMR
- Creation of a dedicated email address (alert@SMRrading.be) and phone numbers to be contacted in case a risk is identified and in order to inform each member of staff of SMR from the staff to the senior management, Board and shareholders if needed.
- In 2014 SMR shareholder (Philippe Lavagna, Justin Nell and Dirk Uythdewilligen) have hired additional resource (E.g; Quentin Lamarche with experience in mining and metals company Umicore) in order to strengthening due diligence on a timely basis and check on compliance with OECD guidance regarding conflict free minerals



5. How does SMR assess risk?

SMR is assessing risks in several ways;

- By reading all available reports including the UN, NGO, iTSCi international team. SMR is closely following up all iTSCi tools like Incident report, mine visit recommendations, Monthly country or region report which generally include governmental or provincial meetings, production reports by region, governance assessment reports;
- SMR is sending trained metals & mining professionals on the ground on due diligence trips following the iTSCi mine visit recommendation thereby asking in depth questions about operations it sources minerals from and drafting reports which are available at SMR;
- We are also following all email alerts related to East African Regional and especially to Rwanda mining operations (as main SMR's commercial hub), regulations, and information in newspapers and on TV
- SMR compliance officer and MD actively participates to the management committee of its fully owned mining asset New Bugarama Mining every 2 weeks. Supply chain risks are assessed during these meetings. Minutes of the meeting are available on demand

6. How does SMR share data and information on supply chain with its customers?

- SMR shares info with its global end customers (which are limited in number). SMR shares all processes which are put in place at the mine it is sourcing from
- During 2019, SMR mainly sold to customers of Chinese, US and European origin whom were offered with all documentation proving compliance with OCDE due diligence recommendations and material supplied was fully legitimate



7. What kind of risk you may face and whether you stop buying for certain reasons to manage the risks? How does SMR monitor the performance of its suppliers in terms of due diligence?

SMR's main supplier is New Bugarama Mining Company Ltd of which it controls 100% of the shares and whose Director of Operations is reporting on a daily basis to SMR's Managing Director Philippe Lavagna and Quentin Lamarche as an investment director / trader in charge of W and Ta business. They ensure all OECD guidance's practices are fulfilled and put in practice within New Bugarama Mining Company Ltd

All of SMR's other suppliers (which are very limited in number) are ITSCI members and SMR has purchased only tagged material during the audit period. ITSCI compliance provisions are included in all contracts (limited in numbers) with suppliers and regular contact is maintained with suppliers to ensure ITSCI requirements are met and all requested information disclosed. All supporting documentation is kept for purchases of material, including Form C, records of payments, certificates of origin; customs export declarations, transport documents and evidence that iTSCI tags are always placed in the container for the material.

SMR does not undertake any cash purchases and pays all suppliers by international bank transfer. No payments have been made to public or private security forces.

SMR's due diligence protocol includes that any identified risk is to be discussed with the compliance officer and Managing Director with a view to determine appropriate measures such as further investigation, suspension or disengagement.

If a red flag or concern is raised concerning a supplier of material, depending on the nature and seriousness of the concern, the managing director (i) request an explanation and propose a plan to mitigate or address the concern, (ii) decide not to enter into or to suspend temporarily the purchase of products of that origin until remediation or corrective action has been implemented; and (iii) if warranted, terminate the contract with the affected supplier.



8. Is SMR participating in EITI reporting?

- SMR is closely following upon EITI reports in adjacent countries to Rwanda like Democratic Republic of Congo, Uganda, and Tanzania.

9. Is SMR participating in stakeholder discussions either locally (CLS/CPP) or internationally (OECD)?

- Quentin Lamarche SMR, Trader in charge of W & Ta business participated to OECD meetings and is recognized as an active member promoting OECD guidance regarding conflict free minerals issues across the international tungsten industry association. Quentin Lamarche is an active member of the mineral supply sub working group committee of the OCDE covering tungsten related matters
- SMR is also kept informed by New Bugarama Mining Company Ltd whose local management is participating to local initiatives in Rwanda and then report to SMR's Managing Director

Done By Mr. Philippe LAVAGNA
Managing Partner
Specialty Metals Resources