



ITSCI Programme INCIDENT AND OUTCOME REVIEW

1st January 2023 – 31st December 2023

Executive Summary

This report is an overview of achievements of the ITSCI Programme in working with stakeholders for risk mitigation in mineral supply chains from Burundi, the Democratic Republic of the Congo (DRC), Rwanda and Uganda. The incident reporting period in this report is from 1st January 2023 to 31st December 2023 and marks a change to the previous reporting period of 1st November 2022 to 31st October 2023. A summary of incidents for the period 1 November 2022 to 31 December 2022 is given in Annex A.

The ITSCI Programme has extensive experience supporting companies, governments and civil society in the identification and mitigation of risks associated with 3T minerals supply chains. In June 2023, the programme was confirmed to be **fully aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance)**, and we support companies performing due diligence according to those expectations.

Our field teams support state services to establish mineral traceability and conduct regular on-the-ground monitoring to identify, verify, and report risks as a critical part of our incident management system. Whistleblowing is a critical component of the incident reporting framework. We communicate incidents along the supply chain, recommend mitigation actions, and facilitate the discussion of mitigation among local stakeholders. In addition, we follow up and report on the progress of mitigation.

Salient Indicators of the ITSCI Programme

Table A. Salient indicators of the ITSCI Programme

INDICATORS	2022	2023
Monitored mine sites	2,682	2,740
Incidents opened	1,613	1,763
Level 1 incidents	159	254
Whistleblower calls	603	628
Whistleblower related incidents	31	55
High Risk Incidents*	49	38

*Relevant for U.S. Securities and Exchange Commission reporting – see Section 6

In 2023 the ITSCI Programme expanded into Tshopo Province in the DRC. A total of 1,763 incidents were opened in all regions across 2,740 sites with the majority occurring in Rwanda (511), and South Kivu (385) and Katanga (352) provinces in the DRC. Among the incidents 254 were categorised as Level 1 seriousness¹ with potential or confirmed association with human rights abuses, the involvement of non-state armed groups, illegal taxation, or involvement in mineral business by rogue individuals of state armed groups. Most Level 1 incidents occurred in the DRC in North Kivu (84) Province, followed by Maniema (75) and South Kivu (66).

The majority (59%) of incidents relate to the ITSCI Chain of Custody category (one of 5 ITSCI incident categories) and most (86%) concern breaches of ITSCI procedures by government agents. Lesser Chain of Custody category incidents concern plausibility and these issues continue to be relatively more numerous in places with high complexity and risks, which is to be expected. During the reporting period,

¹ Priority issues requiring immediate and High-Level attention and possible disengagement in the supply chain are classified as Level 1
Cover Page: Mining at Tambula Malembe sub-sector, Kailo territory, Maniema.

an increase in plausibility related issues was noted in North Kivu, South Kivu, and Maniema Provinces of the DRC. The distribution of the incidents varies within each province with disparities between each area/territory. In terms of severity of Chain of Custody category incidents, most (on average 91%) were of lower Level 2 or 3 severity.

The total number of whistleblower calls increased marginally by 4% in the reporting period to 628. A total of 55 incidents related to whistleblowing were opened and/or updated in the reporting period. There are numerous factors impacting the number of whistleblower calls such as the use of the mechanism by local stakeholders, which is outside of ITSCI control. Local partners continue to raise awareness about the mechanism over the radio, which continues to generate positive feedback among local communities.

Thirty-eight Level 1 incidents were categorised by ITSCI as High Risk² with relevance for U.S. Securities and Exchange Commission reporting.

Incident Resolution

Outcomes for incident resolution can be assessed by considering the percentage of those incidents resolved from the total number verified as incidents and not found to be inconclusive and are given in Table B. The ITSCI Programme was not yet operational in 2022 in Tshopo Province of the DRC; therefore, Tshopo is not included in the below table.

Table B. Percentage of incidents resolved

ITSCI OPERATIONAL REGION	2022	2023
DRC - Katanga	74%	74%
DRC - Maniema	79%	66%
DRC - South Kivu	68%	65%
DRC - North Kivu	71%	50%
Burundi	100%	67%
Rwanda	65%	66%
Average	76%	65%

The average percentage of resolved incidents decreased by 11% in the reporting period from 76% to 65%. ITSCI was able to increase the number of monitoring visits, meetings with stakeholders, and overall follow-up on the implementation of risk and incident mitigation measures in the reporting period. Notwithstanding this, the decrease in incident resolution is due, in part, to higher levels of complexity and volatility of local contexts notably in North Kivu, South Kivu and Maniema (Section 3.3). Overall, unresolved incidents do not necessarily imply that no successful mitigation measures were implemented. Each incident is usually associated with multiple mitigation actions involving different stakeholders. Often, some recommended and expected mitigation measures are implemented and result in positive outcomes. This is however not always the case for all recommendations, therefore leading to an unresolved status.

Incident Outcomes

²Contact ITSCI at itsci@internationaltin.org for additional information on these high risks incidents which can be provided for a fee and can be used e.g., for Conflict Mineral Reporting obligations.

ITSCI has 32 indicators of outcomes from incident management (Annex B), which for the purpose of simplification are aggregated into 7 incident categories. The proportion of outcomes for the 7 categories during the reporting period are in Table C.

Table C. Salient outcomes from incident management

AGGREGATED OUTCOMES	2022	2023
Due Diligence Improvements	40%	35%
Governance and Security Improvements	15%	16%
Mine/Company/Mineral Suspension or Seizure	1%	1%
Awareness-Raising and Mediation	22%	17%
Human Rights/Health and Safety Risk Mitigation	5%	6%
Incident Unsubstantiated	2%	3%
Incident Unresolved	15%	22%

Outcomes leading to improvements in due diligence and awareness-raising and mediation decreased by 5% and 5% respectively. Unresolved incidents increased by 7%; refer to Section 3.3 for more details.

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1 INTRODUCTION AND SCOPE

The ITSCI Programme assists companies to implement the recommendations of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance) by implementing supply chain traceability in cooperation with local governments, identifying risks, facilitating stakeholder engagement, supporting risk resolution, and providing due diligence training and various forms of independent evaluation. This support for stakeholders enables 3T supply chains to trade responsibly and avoid financing of conflict or support to human rights abuses, as well as to respond to other identified risks. In 2023, ITSCI was confirmed by an independent expert evaluator to be **Fully Aligned with the OECD Guidance**, including our approach to identifying Annex II risks, and response to such risks. For the current reporting period ITSCI recorded the export of almost 23,000 metric tonnes of 3T mineral concentrate through 740,000 in-region transactions, as well as through the international supply chain.

An essential enabler for due diligence is the presence of field teams, as recommended in the Appendix of the OECD Guidance, to continuously monitor and evaluate risks, engage local stakeholders and report on mitigation. ITSCI provide expert teams (approximately 142 staff) across the Great Lakes Region who made an average of 860 monthly visits to mine sites, companies, processors, and exporters to provide credible risk information, provide guidance and build the capacities of supply chain companies, cooperatives, miners and other stakeholders.

ITSCI receives information on risks from multiple sources including our own field teams, government agents, company representatives, communities, local non-governmental organisations, the United Nations, among others. ITSCI also operates a whistleblowing mechanism in the DRC. This includes a toll-free hotline allowing anyone to report risks or incidents and through which 628 calls were received last year. A total of 55 incidents related to whistleblowing were opened and/or updated in the reporting period. The mechanism additionally includes the broadcasting of awareness raising campaigns on responsible artisanal mining and Annex II risks in mineral supply chains through two radio spots broadcasted on 29 local community radios across the DRC. The broadcasts took place approximately 350 times a month. All relevant potential and verified supply chain risks are captured in the ITSCI incident management system to enable the tracking of issues in terms of category and severity, and mitigation through incident status and outcomes.

ITSCI's experienced teams provide support and recommendations to stakeholders for actions appropriate for OECD aligned mitigation, and ITSCI facilitated 58 provincial and local multi-stakeholder committees to transparently discuss mitigation plans. Our teams conduct regular training sessions on a wide range of issues including traceability procedures, overall due diligence principles, risk assessment and mitigation. ITSCI supplements on-the-ground activity with analysis of mitigation actions and outcomes of incidents monitored and closed over a 12-month period to understand the mitigation impact of the programme.

This report provides high level coverage of incident reporting data over the twelve-month period 1st January 2023 to 31st December 2023 relating to mineral supply chains from Burundi, DRC, Rwanda and Uganda. In 2023 ITSCI expanded into Tshopo Province in the DRC. No incident was recorded in Uganda during the reporting period ITSCI recorded and managed a total of 1,763 incidents during the reporting period across 2,740 monitored mine sites and transport routes in the Great Lakes Region. There is a 9% increase in incidents compared to the previous period which includes a 61% increase in Level-1 incidents

of highest severity. The majority (59%) are related to the ITSCI Chain of Custody category. The cause for the increase cannot be attributed to a single factor, nor can it be considered an indicator of lower impact of the ITSCI programme on the ground. Over the reporting period, new ITSCI sites continued to be integrated into the ITSCI Programme. Vigilance of ITSCI over risks associated with the expansion in new areas or new sites often results in an uptick in incidents, including Level-1 incidents. See Section 3.4 for additional details.

2 METHODOLOGY OF INCIDENT MANAGEMENT AND REVIEW

ITSCI developed the incident management process in alignment with the OECD guidance, and with added direct experience and vital lessons learned over the course of programme's growth and implementation. Both the incident categorisation and reporting system have evolved significantly and progressed since our work piloted in 2010. A public summary of the ITSCI incident reporting matrix used to categorize and assign levels of severity to incidents is given in Annex C.

2.1 Incident Categories

Incidents are evaluated as relevant to one or more key issues under the ITSCI categories of due diligence, Chain of Custody (CoC), corruption, armed groups and security forces and human rights and other concerns. This report includes a discussion on CoC category incidents, which comprise the majority in the reporting period. Other concerns go beyond topics mentioned in the OECD Annex II to include health and safety or mining in protected areas, although the primary focus remains on human rights abuses and conflict financing. In total ITSCI has defined 49 sub-categories of incident to sufficiently classify the many potential risk types.

2.2 Levels of Incident Seriousness

In addition to categories of type, incidents are allocated a level of seriousness. There are 3 levels, where 3 is ranked the lowest and 1 the highest level of seriousness. Priority issues requiring immediate and High-Level attention and possible disengagement in the supply chain are classified as Level 1. For the current reporting year, we report Level 1 as High Risk when relevant for U.S. Securities and Exchange Commission (SEC) reporting. Low level incidents relating to mistakes or lack of capacity or training are considered Level 3, with intermediate or repeated issues as a mid-category of Level 2. It is important to note that the categorisation of levels of seriousness is, amongst other aspects, based on the veracity of the allegations and evidence. Incidents may remain open for up to six months while the ITSCI team and/or involved stakeholders are verifying information with further evidence, monitoring the situation and/or implementing mitigation action. If sufficient evidence is found and/or the incident is unresolved on a persistent basis, the severity of incidents may be raised and considered as High Risk.

2.3 Incident Status

ITSCI investigates the causes of incidents to help determine and advise stakeholders on mitigation activities and to focus on where efforts are needed to achieve improvements. Incidents may remain open for up to six months while the ITSCI team and/or involved stakeholders are verifying information,

monitoring the situation and/or implementing mitigation actions but after six months the incidents will be closed off and allocated a final status chosen from one of the three possibilities below:

- ▲ **RESOLVED** - THE ITSCI TEAM AND/OR INVOLVED STAKEHOLDERS HAVE AGREED AND IMPLEMENTED ACTIONS WHICH HAVE RESULTED IN SATISFACTORY MITIGATION.
- ▲ **UNRESOLVED** - THE INVOLVED STAKEHOLDERS MAY NOT HAVE AGREED, OR COMMONLY HAVE NOT EFFECTIVELY IMPLEMENTED ALL RECOMMENDED MITIGATION ACTIONS.
- ▲ **INCONCLUSIVE** - THE ITSCI TEAM DO NOT FIND SUFFICIENT EVIDENCE TO SUPPORT AN ALLEGATION OR NEED FOR MITIGATION.

In some cases, incidents are re-opened after six months if the mitigation of the incidents was not sufficient to achieve full resolution, and therefore allowing additional follow-up, monitoring, mitigation and possibly resolution.

2.4 Incident Outcomes

Following closure of each incident, the team identifies whether positive outcomes were achieved, such as arrest or sanction by authorities, or whether some or all expected outcomes were not achieved due to lack of engagement from responsible stakeholders. For metrics, stakeholders were analysed based on their ability and success in influencing, shaping and improving final outcomes of reported incidents. Outcomes were identified for four core groups:

- ▲ COMPANIES
- ▲ AUTHORITIES
- ▲ CIVIL SOCIETY
- ▲ ITSCI

In total ITSCI has defined 32 potential outcomes to enable identification of trends. For this public summary, outcomes have been aggregated into 7 outcome groups to reduce the complexity of reporting.

3 INCIDENT NUMBERS AND RESOLUTION STATUS

The 1st January to 31st December 2023 reporting period has been selected by ITSCI to enable downstream companies who report on their due diligence activities in the following calendar year to reference ITSCI data and explain how they have evaluated the potential impact on their own supply chains. ITSCI downstream associate members receives incident summary tables on a monthly basis as well as Level-1 incident alerts on an ad-hoc basis, among other information, enabling ongoing evaluation of risks for their supply chains.

3.1 Factors Influencing Incident Numbers

In any reporting period the total number of recorded incidents is typically influenced by a range of factors, including, but not limited to the following.

- ▲ PRODUCTION DYNAMICS
- ▲ NUMBERS OF MINES, AS WELL AS THE ACTIVITY LEVEL OF THOSE MINES
- ▲ NUMBERS OF OPERATORS, AS WELL AS THE AMOUNT OF BUSINESS THE OPERATORS COMPLETE

- ▲ LOCAL POLITICAL AND SECURITY ENVIRONMENT, INCLUDING ACTIVITIES RELATED TO NON-STATE AND STATE ARMED GROUPS AND BANDITRY
- ▲ LEVEL OF GOVERNANCE, IN PARTICULAR IN NEW ITSCI AREAS, AND REMOTENESS OF SITES
- ▲ PRESENCE AND TURNOVER OF GOVERNMENT AGENTS

A higher number of incidents at a site does not necessarily correlate with an increase in adverse impacts under Annex 2 risks of the OECD Guidance. For example, new companies setting up a business in 3T trading may be less familiar with due diligence requirements, and therefore potentially increase the number of incidents. From a governance perspective, the extension of ITSCI activities to new mining areas commonly correlates with weaker levels of governance. A lack of knowledge of mining laws, regulations or ITSCI procedures by state services or state security forces commonly results in cases of illegal or unlawful interference in mining activities or trade.

The following sections give the division of incident occurrence and outcomes across ITSCI operating areas.

- ▲ AT THE COUNTRY LEVEL FOR BURUNDI (BU), RWANDA (RW) AND UGANDA (UG)
- ▲ AT THE PROVINCIAL LEVEL FOR DRC, INCLUDING HAUT-LOMAMI (HL), HAUT-KATANGA (HK), TANGANYIKA (TG), LUALABA (LL), MANIEMA (MN), NORTH KIVU (NK) SOUTH KIVU (SK), AND TSHOPO (TS) PROVINCES

Noting that aggregated data is reported for ‘Katanga’ which encompasses the provinces of Haut-Lomami, Haut-Katanga, Tanganyika and Lualaba to allow for comparison against other ITSCI publications.

3.2 Incident Numbers Reported

ITSCI recorded a total of 1,763 incidents in the reporting period (Figure 1), which is 9% higher compared to the previous period (1,613).

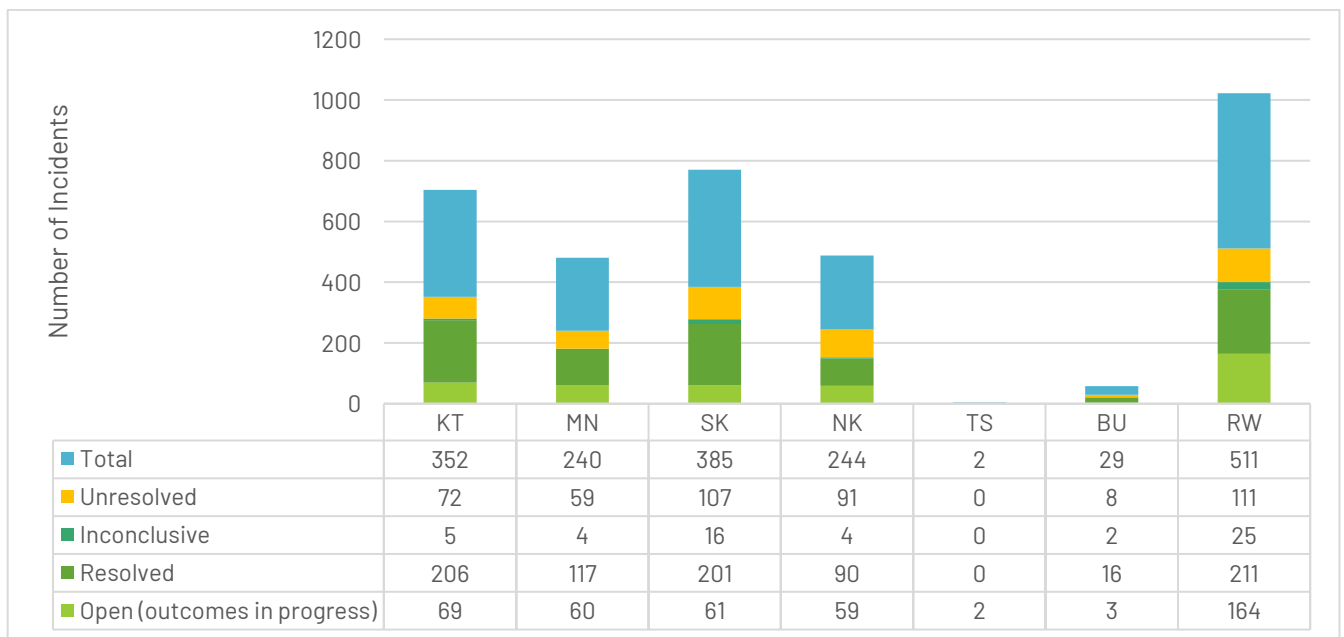


Figure 1. Division of incident occurrence and status across ITSCI operating areas

The greatest number of incidents occurred in Rwanda (511), followed by South Kivu (385) and Katanga (352). Burundi had (29) incidents and Tshopo two incidents due to its recent (2023) inclusion into the ITSCI Programme and relatively low level of activity. No incidents were recorded in Uganda during the reporting period.

A total of 55 incidents related to whistleblowing were opened and/or updated in the reporting period, an increase of 31 compared to the previous period (not shown in Figure 1). There are numerous factors impacting the number of whistleblower calls, many outside ITSCI’s control. Broadcasting approximately 350 times a month from 29 local radio stations compared to 21 stations in the prior year may have contributed to the increase. At the time of reporting 421 incidents remained open with outcomes in progress.

3.3 Incident Resolution Status

Outcomes for resolution of incidents can be assessed by considering the percentage of those incidents resolved from the total number verified as incidents and not found to be inconclusive. The percentage of resolved incidents for the reporting period is in Table 1. Incidents may result in actions taken by stakeholders and thus positive outcomes but may be categorised as unresolved if not all expected outcomes based on ITSCI, and OECD Guideline expectations were achieved.

Table 1. Percentage of resolved incidents for the reporting period

ITSCI INCIDENT RESOLUTION	KT	MN	SK	NK	BU	RW
Resolved	206	117	201	90	16	211
Unresolved	72	59	107	91	8	111
Total	278	176	308	181	24	322
Resolved Incidents (%)	74%	66%	65%	50%	67%	66%

The average percentage of resolved incidents (65%), excluding Tshopo where two incidents remain open, is lower than the previous year (76%). Further explanation follows for each region.

3.3.1 Katanga

In Katanga 74% of incidents are resolved. In Katanga ITSCI needs to carry out further investigations to resolve incidents mainly due to; 1) unresolved weight discrepancies between processor/negotiant and exporter level; 2) presence of children at a limited number of mine sites; 3) plausibility and weight discrepancies issues at mine level; 4) inexplicable loss or traceability materials; 5) mineral fraud. Several incidents were unresolved in this reporting period due to ongoing need for ITSCI to monitor the presence of a few non-state armed groups in certain areas.

3.3.2 Maniema

In Maniema 66% of incidents are resolved. Incidents of a similar nature to those in South Kivu are unresolved, and generally attributed to an increase in unsanctioned or illegal rogue state services and security force interference in mining activities and lack of mitigation by their hierarchy and state prosecutors. Also, multiple changes within the provincial government, including the Maniema Minister of Mines who chairs the provincial multi-stakeholder committee (CPP), delayed the management of ITSCI incidents.

3.3.3 South Kivu

In South Kivu 65% of incidents are resolved. In 2023, ITSCI continued expansion of the programme to new mining areas in Shabunda Territory, where remoteness of some sites hinders mitigation. There is an increase in incidents in the reporting period related to cross-provincial mineral fraud due to the security situation in North Kivu described above. The lack of engagement by state services or state security forces in implementing adequate mitigation measures to resolve incidents contributes to unresolved incidents.

3.3.4 North Kivu

There is a relatively low number of resolved incidents (50%) in North Kivu for the following reasons. The security situation throughout 2023 deteriorated in Masisi Territory with the presence of non-the state armed group M23 and increased activities of other local non-state armed groups, often referred to as 'Wazalendo', resulted in increased risks and negatively impacted risk resolution. Increased risks also resulted from the lack of state control on suspended and later cancelled mining concession PE 4731 of the company Société Minière de Bisunzu (SMB). Between **March** and **May 2023** and again in **December 2023**, ITSCI suspended tagging activities in the territory due to incursions of the M23 into transport points and mineral trading towns and withdrawal of state services overseeing mining activities due to safety concerns. The suspension hindered the facilitation of local multi-stakeholder committee meetings and therefore the lack of discussion, actions and follow-up by stakeholders to mitigate risks. The ongoing state of siege in place since April 2021 also continues to hinder ITSCI incident resolution.

3.3.5 Burundi

In Burundi 67% of incidents are resolved in this reporting period in contrast to the last during which 100% were resolved. Reasons include unexplained weight increases and failure of companies to account for lost traceability materials and non-conformances to ITSCI procedures before they ceased operations. Unresolved incidents are both Level 3 and Level 2 and are related to mainly CoC type incidents (Section 12) including weight discrepancies, and failure of companies to submit annual due diligence reports.

3.3.6 Rwanda

In Rwanda, there is an increase in incidents recorded during the reporting period among which a similar number were unresolved. A significant number of incidents relate to persistent informal mining connected with changes in Rwandan legislation some years earlier. These changes resulted in the non-renewal or the cancellation of an increased number of mining licenses in the reporting period and increase in informal mining and risk of mineral fraud. In 2023 ITSCI recorded 202 incidents (or 40% of total incidents) related to informal mining activities. Other unresolved incidents are associated with occupational and health (accidents), plausibility and atypical mineral grades, require ongoing monitoring and investigation by ITSCI.

3.3.7 Tshopo

There are two open incidents concerned incorrect mineral types recorded on logbooks and insufficient training on due diligence requirements by state agents. ITSCI is working with authorities to resolve the incidents.

3.4 Incident Severity

The relative proportion of Level 1, 2, and 3 incidents in ITSCI regions is given in Table 2 and Figure 2. Level 1 incidents relate to OECD Annex II risks and include serious breaches of due diligence or traceability, and more commonly relate to weaker governance or greater insecurity in particular locations.

Table 2. Relative proportion of Level 1, 2, and 3 incidents in ITSCI regions

LEVEL	KT	MN	SK	NK	TS	BU	RW	TOTAL DRC	TOTAL
Level 1	20	75	66	84	0	0	9	245	254
Level 2	137	93	212	122	0	17	206	564	787
Level 3	195	72	107	38	2	12	296	414	722
Total	352	240	385	244	2	29	511	1,223	1,763

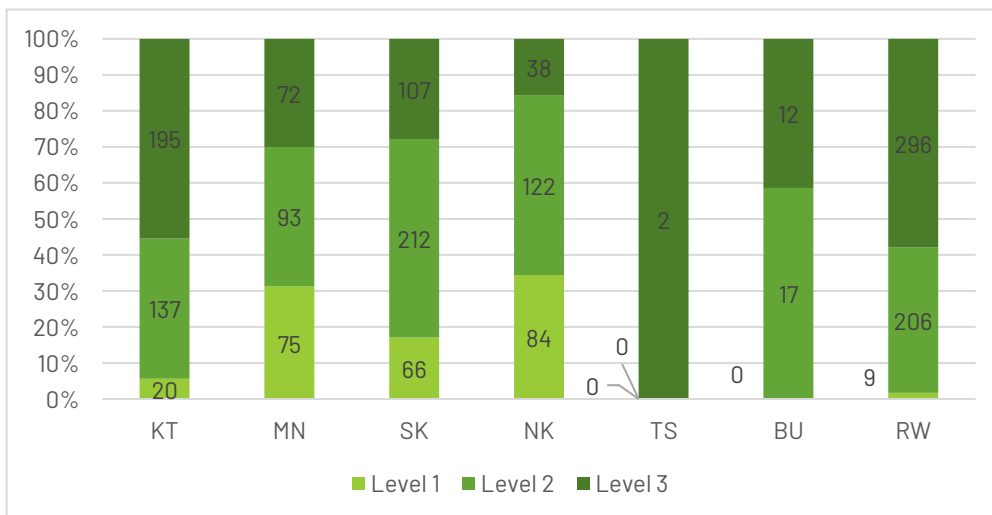


Figure 2. Seriousness of incident per area for the reporting period

The total number of Level 1 incidents increased by 60% compared to the previous reporting period (254 versus 159). Level 1 incidents make up 14% of all incidents.

The vast majority (96%) of Level 1 incidents took place in the DRC. The number of Level 1 incidents recorded in the DRC increased by 61% compared to 2022 (245 versus 152), with the majority occurring in North Kivu (84 incidents or 33%), Maniema (75 incidents or 30%) and South Kivu (66 or 30%). The increase in the DRC is mainly associated with the overall deteriorating security situation, notably in North Kivu, increased rogue state services and state armed groups (e.g., FARDC, PMH, and PNC) involvement in mining-related issues, and increased activity of non-state armed groups (as explained in Section 3.3.4 above), gangs or bandits responsible for sporadic acts of harassment, violence and mineral or property theft. A rise in plausibility weight discrepancies issues is also notable in the DRC. ITSCI has increased targeted monitoring of these types of risks with improved ITSCI tools and procedures.

In the reporting period Level 2 and Level 3 incidents of lower severity made up 86% of incidents compared to 90% in the previous reporting period. 21% of incidents of all levels in the DRC are still open and under ongoing monitoring and mitigation.

4 CHAIN OF CUSTODY CATEGORY INCIDENTS

Under the ITSCI incident reporting and management system, incidents are evaluated as relevant to one or more key issues under 5 major incident categories (Figure 3). Incidents relevant to the ITSCI CoC category comprise the majority (59%) of incident categories in this reporting period.

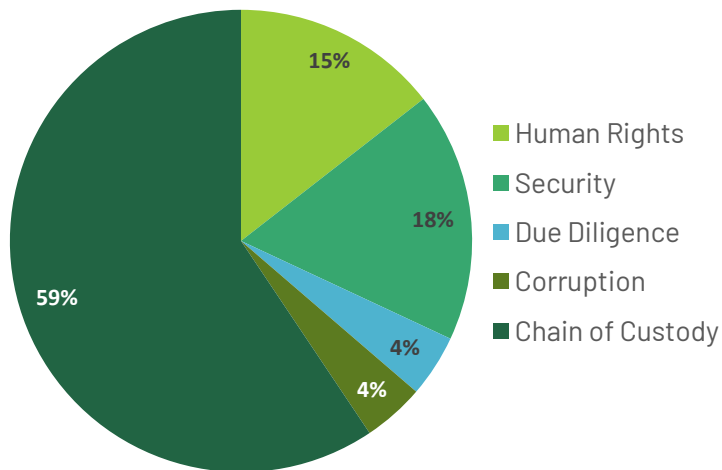


Figure 3. Proportionality of incidents in ITSCI incident categories

Table 3. Number and proportion of CoC incidents versus total incidents in the regions

	KT	MN	SK	NK	TS	TOTAL DRC	BU	RW	GRAND TOTAL
CoC Category Incidents	252	119	200	112	2	685	21	439	1145
% of Total Incidents	72%	49%	52%	46%	100%	56%	72%	86%	65%

Table 3 gives the number and proportion of CoC category incidents in the regions relative to total incidents. ITSCI CoC category incidents make up greater than half (between 52% and 86%) incidents in all the regions except North Kivu (46%) and Maniema (49%). In Rwanda the majority (86%) of the incidents fall under the CoC category generally on account of field teams and the District Mining Task Force (DMTF) highly actively monitoring mine sites and informal mining and because there are proportionally lower number of incidents in other categories such as security.

Incidents under the CoC category can be divided into two broadly distinct sub-categories: i) plausibility risks to the ITSCI supply chain; and ii) breaches of ITSCI and/or traceability procedures by local stakeholders (e.g., government agents or mining operators), for instance agents recording errors on logbooks or miners not respecting tagging procedures. Other issues such as broken or lost tags may constitute breaches of ITSCI procedure. Plausibility type issues are generally more serious than breaches of ITSCI procedure issues due to the inherent risk of misrepresentation of origin of minerals at concerned ITSCI sites.

Figure 4 is a regional comparison between incidents falling under the two CoC sub-categories mentioned above. The overall majority (86%) of CoC category incidents are associated with less severe breaches of ITSCI procedures in all regions, which is to be expected because of ITSCI field teams

regularly monitoring implementation of ITSCI procedures and reporting non-conformances and re-training accordingly.

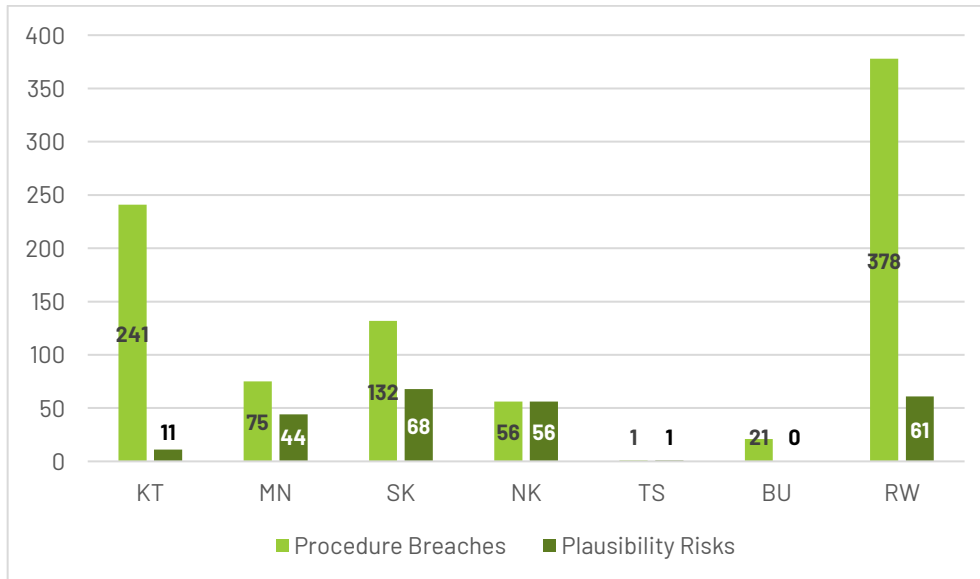


Figure 4. Regional breakdown of procedural breaches versus plausibility incidents

Compared to the previous reporting period there is an increase in CoC plausibility type incidents in North Kivu, South Kivu, and Maniema by 33%, 94% and 143% respectively. The increase is generally associated with the volatile security situation and increased risk of fraud, and the vigilance of ITSCI monitoring of the supply chain in these provinces to report and investigate these types of incidents. The number of CoC plausibility issues in Rwanda, Katanga is similar to the previous year. There were no CoC plausibility risk related incidents in Burundi.

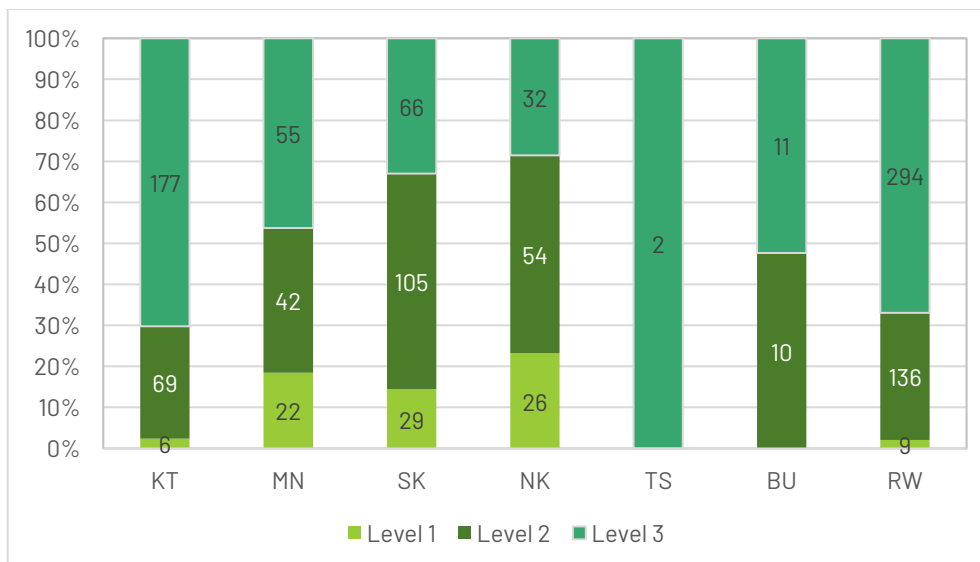


Figure 5. Regional breakdown of CoC category incident severity levels

Figure 5 shows the levels of severity of CoC category incidents. The majority (on average 91% - previous year 95%) of CoC category incidents were of lower Level 2 or 3 severity. Level 1 incidents were higher compared to the previous reporting period, comprising 23% in North Kivu, 15% in South Kivu, and 13% in Maniema on account of reasons mentioned in the paragraph above. Fewer CoC Level 1 incidents were recorded in Rwanda (2%), and Katanga (2%) respectively in the reporting period. There were no incidents related to CoC plausibility risk in Burundi or Tshopo.

Overall CoC plausibility incidents represent a small proportion (11%) of the total number of incidents across all implementation areas (Figure 6) and the incidents occur in all ITSCI implementing provinces or countries, but not uniformly in each (Figure 7) as discussed in the following paragraph.

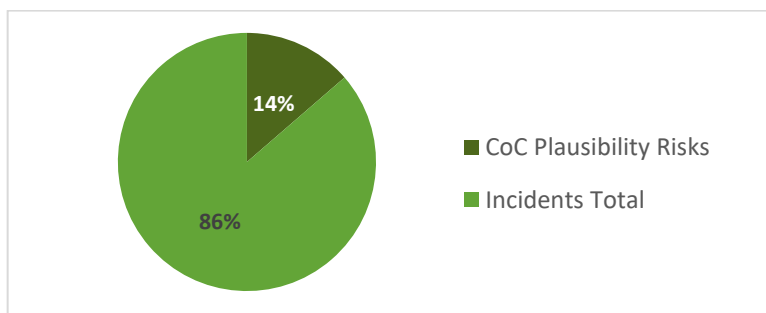


Figure 6. CoC Plausibility risks versus total incidents

The distribution of CoC plausibility incidents varies within each province or country (Figure 6) with sometimes significant disparities between each mining area/territory within provinces or countries. Comparison of plausibility related CoC incidents between provinces or areas is not possible considering that these incidents occur in places with high complexity and multiple factors playing a role. In Burundi, for instance, breaches in ITSCI procedure incidents reduced by greater than half compared to the previous period (due to implementation of electronic data collection), while occurrences of plausibility incidents were similar in number. Consequently, CoC plausibility incidents are proportionally higher in Burundi than in previous reporting years.

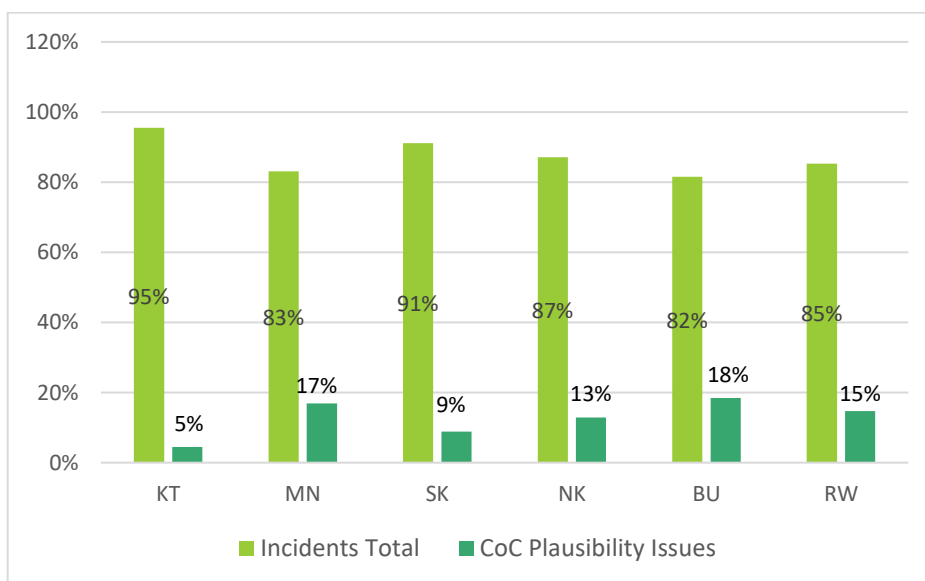


Figure 7. Distribution of CoC plausibility incidents relative to total incidents

5 INCIDENT OUTCOMES

ITSCI has defined and uses 32 outcomes which measure the impacts achieved through the management of incidents and indicate the type of stakeholder engaged in the mitigation process. An overview of incident outcomes and aggregated outcome groupings is given in Annex B. Outcomes of successful resolution are determined once any incident has been closed. Under ITSCI procedures this requires 1) all details of the identified risk are known; 2) mitigation actions appropriate to OECD Annex II have been recommended and discussed; 3) the mitigation actions have been implemented; and 4) improvement confirmed by ITSCI.

To provide a simplified overview of the positive impacts achieved through the ITSCI programme, the 32 outcomes have been combined into 7 aggregated groupings as follows.

- ▲ DUE DILIGENCE IMPROVEMENTS
- ▲ GOVERNANCE & SECURITY IMPROVEMENTS
- ▲ MINE/COMPANY/MINERAL SUSPENSION OR SEIZURE
- ▲ AWARENESS-RAISING & MEDIATION
- ▲ HUMAN RIGHTS/HEALTH AND SAFETY RISK MITIGATION
- ▲ INCIDENT UNSUBSTANTIATED
- ▲ INCIDENT UNRESOLVED

Table 4 and Figure 8 give the type of outcomes which have been achieved by the work and cooperation of all stakeholders, and the programme itself, in this reporting period. There may be more than one outcome per incident. Companies as well as ITSCI and government authorities take actions in line with their due diligence responsibilities, such as making additional mine site visits, improving working practices, drafting risks assessment reports, participating in stakeholder meetings, and implementing other mitigation measures. These actions are supported through focused monitoring and training by ITSCI field staff.

Table 4. Outcomes achieved in the reporting period compared to the previous period

AGGREGATED OUTCOMES	2022	2023
Due Diligence Improvements	40%	35%
Governance and Security Improvements	15%	16%
Mine/Company/Mineral Suspension or Seizure	1%	1%
Awareness-Raising and Mediation	22%	17%
Human Rights/Health and Safety Risk Mitigation	5%	6%
Incident Unsubstantiated	2%	3%
Incident Unresolved	15%	22%

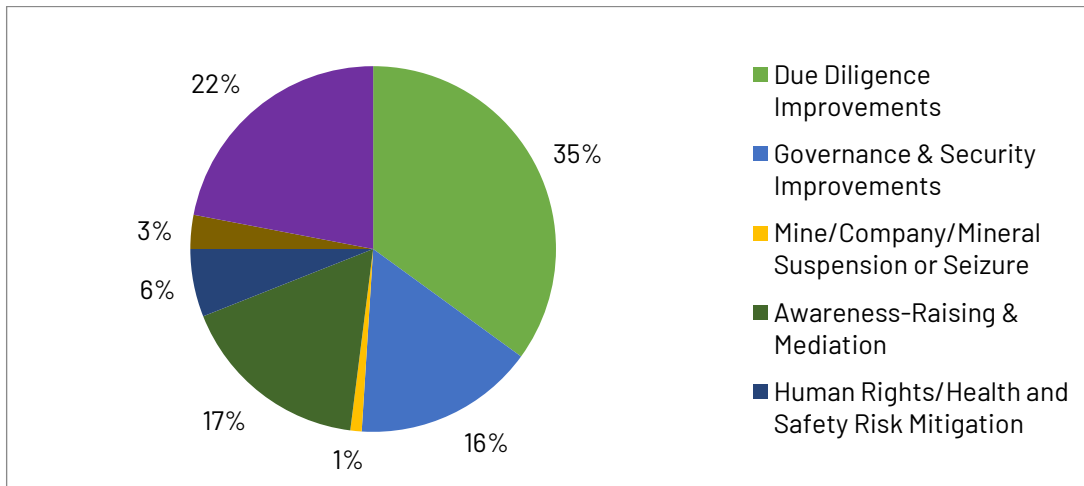


Figure 8. Types of incident outcomes

For the reporting period the percentage of outcomes leading to improvement in due diligence and governance and security, and mitigating human rights/health and safety, differ from the previous year as follows. The percentage of unresolved incidents increased by 7% and outcomes leading to improvements in due diligence and awareness-raising and mediation decreased by 4% and 5% respectively. Outcomes in the remaining categories are similar to the previous year. Examples of outcomes include improvement in governance and security performance covering arrests, court martial, reposting of mining or security service staff or similar legal actions against perpetrators, as well as improved performance through training or new commitments to due diligence principles.

Regular multi-stakeholder consultations in local and provincial meetings are commonly facilitated and attended by ITSCI field teams to drive incident resolution. In the DRC, ITSCI currently facilitates consultation and mitigation at 58 multistakeholder provincial and local committees which are chaired by provincial and local authorities with state services and civil society participation. ITSCI continued to encourage the establishment of active national steering committees in Burundi and Rwanda. In Rwanda, ITSCI continued to encourage the establishment of DMTFs, and support training of their members while participating in DMTF meetings or joint visits. By the end of this reporting period, 13 DMTFs were established. These fora form the bedrock of continued improvement and improved identification and management of risks in the longer term and these actions accounted for 17% of the total outcomes compared to 22% in the previous reporting year. The fora enable the sharing of information, discussion of risks, and agreement of mitigation of incidents. This contributed to greater accountability of local stakeholders and improved due diligence practices.

One key role of ITSCI field teams is to assist companies in performing their due diligence and to support state services and authorities with enhancing their management of mining activities and improving overall governance of the mining sector. To achieve these objectives, ITSCI teams conduct regular training sessions, one-to-one coaching sessions, capacity-building activities or group workshops for state agents, security forces, miners, negociants (‘middlemen’), mining cooperatives, and exporters. Topics include a wide range of issues including tagging and traceability procedures, overall due diligence principles and risk assessment and mitigation. In the current reporting period, ITSCI field teams conducted 988 training sessions with a total of 16,432 beneficiaries. The extensive training activities performed by ITSCI over this time helped to achieve and maintain the high proportion of due diligence improvement (36%) as incident outcomes.

6 HIGH RISK INCIDENTS FOR U.S. SECURITIES AND EXCHANGE COMMISSION REPORTING

6.1 High Risk Incidents for the Reporting Period

Of the total 1,763 incidents recorded in the reporting period, 38 were identified as High Risk in relation to U.S. Securities and Exchange Commission (SEC) reporting obligations under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (hereafter, 'Dodd-Frank Act'). Section 1502 requires publicly traded companies to disclose their use of conflict minerals sourced from the DRC or adjoining countries, as part of efforts to reduce the financing of armed groups involved in serious human rights abuses.

The process of identifying incidents potentially relevant to US SEC reporting took place via rigorous assessment and analysis by ITSCI working in close collaboration with our field implementation partner to check facts on the ground. All 38 incidents are Level 1 and are associated with the potential involvement of individuals who are, or may be, members of an armed group identified in annual Country Reports on Human Rights Practices under sections 116(d) and 502B(b) of the Foreign Assistance Act of 1961 (22U.S.C. 2151n(d) and 2304(b)) relating to the DRC or an adjoining country, and who may be financially benefiting from mineral exploitation or trade as per Section 1502 of the Dodd-Frank Act. This may relate to non-state armed groups or rogue individuals in state armed groups such as the police or national army whether the individual themselves was armed at the time of the incident.

The numbers of High-Risk incidents derived from Level 1 incidents and relevant to US SEC reporting are given in Table 5.

Table 5. High Risk incidents identified in the reporting period

ITSCI OPERATING AREAS	LEVEL 1 TOTAL	LEVEL 1 HIGH RISK*	% AS LEVEL 1
KT	20	2	10%
MN	75	5	7%
SK	66	7	11%
NK	84	24	29%
BU	0	0	n/a
RW	9	0	0%
Total	254	38	15%

*Relevant to US SEC reporting

Overall, across all ITSCI areas, 15% of Level 1 incidents were considered High Risk and relevant to US SEC reporting. At the end of the reporting period 12 of the High-Risk incidents were still open and under mitigation and ITSCI will continue to monitor the incidents³ in accordance with ITSCI procedures. Eight of the remaining incidents were closed as resolved and 18 as unresolved.

³Contact ITSCI at itsci@internationaltin.org for additional information on these high risks incidents which can be provided for a fee and can be used e.g., for Conflict Mineral Reporting obligations.

6.2 Update On 2021-2022 High Risk incidents

In the 2022 reporting period, 49 of the 1,613 incidents were identified as High Risk with potential links to rogue elements of the police in the DRC and/or the DRC national army (FARDC) in connection with a variety of alleged illicit activities such as fraud, bribery, illegal payments, or taxation. All the incidents are closed. Of the 12 incidents closed in 2023, two were closed following sanctions against involved rogue FARDC. A third incident was closed following return of minerals and release of detained miners; rogue FARDC involved were given a warning. Another incident was closed following remedial training of FARDC on their interference in mining activity. One of the incidents was closed as inconclusive with the location of minerals taken by a local chief remaining unknown. The remaining incidents were closed as unresolved due to lack of engagement by state services and state security. However, these did lead to multiple awareness raising sessions carried out with local stakeholders.

7 FURTHER INFORMATION

We welcome the participation and engagement of companies that wish to be informed regularly of individual incidents. Companies that join as ITSCI members receive a monthly report with; 1) an incident summary table for each province or country; 2) recommendations on actions taken and/or to be taken; 3) responsible stakeholders to implement these actions; and 4) whether the incident has been resolved. In addition, ITSCI members receive alerts on Level 1 incidents as soon as sufficient information is available to describe the risk so that companies can determine their own due diligence strategy in response to that risk.

Further to this report, ITSCI can also support downstream companies in their individual compliance reporting requirements based on individual agreements, including a reasonable financial contribution towards the costs of reporting on our comprehensive incident management. Such support can for instance consist in providing additional detail and analysis of high risks incidents, including incident status, information on mitigation actions and outcomes, and their possible relevance for SEC reporting.

Information on all incidents is also made public with a delay of three months after all incidents in any six-month period have been closed. Incident information is available on the Info pages of the ITSCI website: <https://www.itsci.org/incident-summaries-public/>

For requests, suggestions or enquiries please contact the ITSCI Programme via +44 (0)1727 875 544 or itsci@internationaltin.org

Our special thanks go to the ITSCI reporting and field teams for their commitment and continued hard work.

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ANNEX A. Summary of incidents recorded 1 November 2022 to 31 December 2022

During the reporting period, 1 November 2022 to 31 December 2022, ITSCI opened 269 incidents (Table 5). Of these 34 were categorized as Level 1, 131 as Level 2 and 110 as Level 3 (Table 6). All these incidents have been closed with 154 resolved, 11 inconclusive and 110 unresolved. These incidents resulted in 445 outcomes of which 33% led to due diligence improvements, 17% resulted in awareness-raising and mediation and 15% governance and security improvements.

Table 5. Number of incident reported

ITSCI INCIDENT RESOLUTION	KT	MN	SK	NK	TS	BU	RW	TOTAL DRC	TOTAL
Incidents	63	20	65	32	0	5	90	180	275

Table 6. Severity of incidents

LEVEL	KT	MN	SK	NK	TS	BU	RW	TOTAL DRC	TOTAL
Level 1	9	9	7	5	0	0	4	30	34
Level 2	21	7	42	16	0	0	45	86	131
Level 3	33	4	16	11	0	5	41	64	110
Total	63	20	65	32	0	5	90	180	275

ANNEX B. Overview of incident outcomes and aggregated outcome groupings

OVERVIEW LEVEL	DETAILED LEVEL	DESCRIPTION
Due Diligence Improvements	Improved company due diligence	Company gathers more information from suppliers, through mine visits or other sources and follows up
	Improved company procedures	Company improves working practise or formalises documentation and systems
	Improved data	ITSCI and the company, in cooperation with relevant state services, resolve questions on data or supply chain of custody information
	Plausibility control	ITSCI manages risks from implausible mineral type or production level at mines or weight changes
	Risk alert to companies	ITSCI provides alerts on higher risk mines, suppliers or locations to participants
	Improved ITSCI procedures	ITSCI enhances method of working or documentation including adapting processes to local requirements
	Continued monitoring	ITSCI continues focused monitoring beyond incident period of issues considered high risk or likely to reoccur
Governance & Security Improvements	Improved private security	Company formalises contracts with private security provider, vets or trains the security firm on human rights
	Completed legal process inc. arrests	Authorities take corrective action which may include arrest, fine or other enforcement measures through the legal process
	Change in legislation or procedure	Authorities or customary leaders introduce national or local law or revised procedures to protect traceability and reduce risk
	Change in customary behaviour	Tribal or other traditional leaders adopt new behaviour to support supports due diligence
	Improved state security	Authorities provide added security, train or improve protection around mineral areas
	Action from command	Authorities take corrective action which may include a hearing and enforcement measures against rogue individuals in official position
	Improved government performance	Authorities replace poor performing or missing agents, increase number of agents, or participate in training
	Protection of national park	Authorities prevent minerals originating from national parks entering the supply chain
	Increased local accountability and monitoring	Stakeholders take action to protect responsible supply chains including through whistleblowing
	Reduced corruption	Stakeholders identify, report or prevent corruption

OVERVIEW LEVEL	DETAILED LEVEL	DESCRIPTION
Mine/Company/Mineral Suspension or Seizure	Membership or mineral trade suspension	ITSCI suspends companies or mines from participation or freezes mineral movement
	Mineral quarantined	ITSCI requests participants to set aside mineral from trading during incident investigation
	Suspension of operators	Authorities suspend mining licenses or operators
	Minerals seized	Authorities seize questionable minerals
Awareness-Raising & Mediation	Awareness raising	Stakeholders participate in informal training or receive general advice on processes or activity
	Formal training	Stakeholders participate in formally organised training or coaching sessions with specified ITSCI objectives
	Stakeholder dialogue	Stakeholders participate in negotiation between commercial parties or others to resolve disputes
Human Rights/Health and Safety Risk Mitigation	Improved safety	Stakeholders close mines or act to prevent repeated accidents through measures such as training
	Company contribution	Company pays compensation to injured miners or community
	Reduced child labour	Stakeholders train, raise awareness or take measures to reduce child labour
	Reduced forced labour	Stakeholders take action to prevent forced labour
Incident Unsubstantiated	Unresolved inconclusive	Unresolved due to lack of sufficient information or any evidence to enable a conclusion to be reached
Incident Unresolved	Unresolved lack engagement	Unresolved due to lack of requested information or action from company or authorities
	Unresolved incomplete legal process	Unresolved due to failure to complete legal process following arrests or similar
	Unresolved lack international agreement	Unresolved due to no agreed solution, including for disposal of seized minerals

ANNEX C. Public, high-level summary of the ITSCI Incident Matrix

Level	Due diligence	Chain of custody	Corruption	Armed groups and security forces	Human rights and other concerns
1	Inadequate action on due diligence or false information	Inexplicable or deliberate traceability or procedural issues	Bribes influencing stated mineral origin	Non state armed groups, or illegal behaviour of state security impacting minerals	Serious human rights abuses or attacks on personnel
2	Failure to implement due diligence plans or lack or response	Repeated traceability or unresolved procedural issues	General bribery or non-payment of official fees	Non state armed groups, or state security without reason, near minerals	Worst forms of child labour, accidental death, mining protected areas, intimidation of personnel
3	Lack of general policies or company updates	Indications of traceability or procedural errors	Offers of bribes, non-contractual or receipted payments	State security missions disrupting minerals, poorly contracted security	Child labour, community dispute, lack of stakeholder meetings