ICGLR THIRD PARTY SUMMARY AUDIT REPORT

ETS. RICA

DEMOCRATIC REPUBLIC OF CONGO (DRC)

Final Exporter Status
Green

Auditors

LML CHARTERED ACCOUNTANTS

Lead Auditor,

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1. Introduction

a. Objective of the audit

The Independent ICGLR Third Party Audit (TPA) is a requirement under ICGLR regional certification mechanism and ensures the independent verification that an Exporter's mineral supply chain from a mine site to export is in conformance with Regional Certification Manual (RCM).

The objective of ICGLR third party Audit was to audit and certify whether Ets. RICA, the exporter of designated minerals, the 3T qualifies or conforms to ICGLR export requirements, and whether Ets. RICA abides by the standards to be classified as Certified Mineral Exporter of designated Minerals in accordance with the standards and procedures of the ICGLR Regional Certification Mechanism.

b. Auditee

i. General information

The auditee was ETS. RICA situated at plot 12 Avenue Industrielle, Commune d'Ibanda, Bukavu, South Kivu Province, Democratic Republic of Congo.

ii. General information

The company is a private limited company. The company is owned by Ms. Erika Mihigo. The designated materials audited were the 3Ts; cassiterite (tin ore), Wolframite (tungsten ore), and coltan (Tantalite).

c. Auditor

i. Audit Firm

LML Chartered Accountants from Lusaka, Zambia

ii. Lead Auditor

Makasa Lazarous Luombe

2. Audit scope

a. Methodology

Audit work was preceded by preliminary introductory meetings with major Stakeholders such as the Federation of Enterprises in Congo (FEC), an umbrella Private sector Business Association, Provincial Minister of Mines, Director of Division of Mines, Director of Centre for Evaluation and Expert Certification for Precious and Semi-Precious Minerals (CEEC), Director of Assistance and Supervision Service for Artisanal and Small-scale Miners (SAEMAPE) and Director of International Tin Supply Chain Initiative (ITSCI).

The audit methodology included the following:

- Literature review
- Risk assessment
- Interviews
- Records review
- Sample selection
- Field visits
- Transport route verification; and
- Capacity review.

b. Overview

The audit team interviewed the CEO of the company, Ms. Erika Mihigo and the management team, which includes the head of due diligence, the security staff, accountants and representatives of mining institutions appointed to the export entity. it also held interviews with Cooperatives and Negotiants who supply the minerals to Ets. RICA.

As part of the audit, the auditors visited:

- The office and factory premises located at plot 23 Avenue Tanganyika, quarter Nguba, Bukavu, South Kivu, Democratic Republic of Congo; and

- Seven (07) mine sites located at Kambululu, Kalimbi, Kakenge, Rusumba, Misumari, Fillon 2 and Kishanga.

3. Audit Findings

Table of Status

Table 1: Status for Exporter

Status Criteria	Status	Item
Conflict Red Status	Green	1. Non-state armed groups or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and any upstream actor in the supply chain, up to and including the exporter.
	Green	2. Non-state armed groups or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded up to and including exporter.
	Green	3. Non-state armed groups or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, export companies, or any other upstream actors in the Chain of Custody (CoC) up to and including the Exporter.
Conflict Yellow Status	Green	1. Public or private security forces or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and any upstream actor in the exporter's supply chain.
	Green	2. Public or private security forces or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, Exporters, or any other upstream actors in the exporter's CoC.
	Green	3. Public or private security forces or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded in the exporter's supply chain.
Human Rights Red Status	Green	1. Children below the minimum working age, as defined in that Member State, are employed at the mine site or the worst forms of child labour, as defined by the ILO, are present at the mine site or in the exporter's supply chain.
	Green	2. Forced labour is practiced in the exporter's supply chain, or workers are required to work for no compensation; workers are required on certain days of the week to surrender the fruits of their labour to a third-party.
	Green	3. Any forms of torture, cruel, inhumane, and degrading treatment are practiced or identified in the Exporter's supply chain.
	Green	4. Other gross human rights violations and abuses such as widespread sexual violence are practiced or identified as associated with the exporter's activities.
	Green	5. War crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide are associated with the exporter.
Formality & Transparency Red Status	Green	1. Payments are made to illegal or criminal organizations by any of the supply chain actors in the exporter's supply chain.
	Green	2. Payments are made to political parties or political organizations, in contravention of a Member State's laws by any of the supply chain actors in the exporter's supply chain.

Status Criteria	Status	Item
	Green	3. Designated Minerals sourced in a Not Valid (Red) mine site are entering into the exporter’s supply chain or being mixed with Designated Minerals produced in a clean supply chain.
Formality & Transparency Yellow Status	Green	1. Mineral shipments exit the mine without having been registered or recorded by a CoC system that can track the minerals from mine site through the exporter’s supply chain.
	Green	2. Government officials (mine officials, secret service, municipal or provincial governments, military units, etc.) extract significant taxation or other payments that are disproportionate to any service provided from supply chain actors in the exporter’s supply chain in a manner not authorized by the Member State’s mineral code or mineral regulations.
	Green	3. Material from another unknown source is entering into the exporter’s supply chain.
	Green	4. Any supply chain actor in the exporter’s supply chain, offers, promises, gives, or demands bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees, and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport, and export.
	Green	5. Any supply chain actor in the exporter’s supply chain does not pay taxes, fees, and royalties related to mineral extraction, trade, and export from conflict-affected and high-risk areas (CAHRAs) to governments and fails to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).
	Green	6. Any supply chain actor in the exporter’s supply chain refuses to allow Analytical Mineral Determination (AMD) sampling to be conducted by the ICGLR or Member State.

Table 2: Status for Supply Chain Actors

Status Criteria	Status	Item
Conflict Red Status	Green	1. Non-state armed groups or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and any upstream actor in the supply chain.
	Green	2. Non-state armed groups or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded.
	Green	3. Non-state armed groups or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, export companies, or any other upstream actors in the CoC.
Conflict Yellow Status	Green	1. Public or private security forces or their affiliates illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and any upstream actor in the supply chain.
	Green	2. Public or private security forces or their affiliates illegally tax or extort money or mineral shares from mine site owners, mine site operators, intermediaries, traders, exporters, or any other upstream actors in the CoC.
	Green	3. Public or private security forces or their affiliates illegally tax or extort money or minerals at points of access to mine sites along transportation routes or at points where minerals are traded.
Human Rights Red Status	Green	1. Children below the minimum working age, as defined in that Member State, are employed at the mine site or the worst forms of child labour, as defined by the ILO, are present at the mine site. Where a Member State has not defined a minimum working age, the standard of the International Labour Organisation (ILO) shall be used.
	Green	2. Forced labour is practiced at the mine site; workers are required to work for no compensation; workers are required on certain days of the week to surrender the fruits of their labour to the mine site boss.
	Green	3. Any forms of torture, cruel, inhuman, and degrading treatment are practiced or identified at the mine site.
	Green	4. Other gross human rights violations and abuses such as widespread sexual violence are practiced or identified as associated with the mining activities.
	Green	5. War crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide are associated with the exporter.
Formality & Transparency Red Status	Green	1. Payments are made by the mine site owner or operator to illegal or criminal organizations.
	Green	2. Government Payments are made by the mine site owner or operator to political organizations, in contravention of a Member State's laws.

Status Criteria	Status	Item
	Green	3. Designated Minerals sourced in a Not Valid (Red) mine site are entering into the mine site or being mixed with Designated Minerals produced at the mine site.
Formality & Transparency Yellow Status	Green	1. Mineral shipments exit the mine without having been registered or recorded by a CoC system that can track the minerals to their next destination beyond the mine site.
	Green	2. Government officials (mine officials, secret service, municipal or provincial governments, military units, etc.) extract significant taxation or other payments that are disproportionate to any service provided from the workers or productions of a mine site, in a manner not authorized by the Member State's mineral code or mineral regulations.
	Green	3. Material from another unknown mine site is entering into the mine site or being mixed with the material.
	Green	4. Mine site owner, mine site operators, intermediaries, traders, exporters, or any other upstream actors in the CoC and operating on the mine site offers, promises, gives, or demands bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees, and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport, and export.[1]
	Green	5. Mine site owner, mine site operators, intermediaries, traders, exporters, or any other upstream actors in the CoC and operating on the mine site, does not pay all taxes, fees, and royalties related to mineral extraction, trade, and export from conflict-affected and high-risk areas (CAHRAs) to governments and fail to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).
	Green	6. The mine owner or operator refuses to allow Analytical Mineral Determination (AMD) sampling to be conducted by the ICGLR or Member State.

[1] *See* OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997); and the United Nations Convention Against Corruption (2004)

Table 3: Status Summary of Non-conformance Findings

SUMMARY OF NON-CONFORMANCES			
Finding	**Status Criteria:**	**Status Criteria Finding:**	**Auditee's Proposed Corrective Action:**
1	Due diligence and mine site management systems	The company relies on the experience of its managers to manage risks. Although management is aware of the OECD Guidelines, it has not formally developed its own risk management and due diligence system in line with the OECD Guidelines. As a result of the above, no monthly or annual due diligence reports have been produced.	Management is working on the implementation of the due diligence and risk management system The management is working on the set up of its own due diligence
		The artisanal miners do not have adequate protective and safety clothing. The miners only had safety boots. The tools they used were also inadequate as long as mining shafts are not well managed. They didn't have diggers' cards.	The company's management will engage the mine owners and the cooperative to provide personal protective and safety equipment, as well as shaft development at the mine sites.

4. Audit Conclusion

This was **Ets. RICA's** first exporter audit under the revised Regional Certification Mechanism (RCM) third-party audits, which included a process review of the exporter's due diligence management systems and their alignment with the RCM manual and the OECD Due Diligence Guide.

The elements of the management systems are assessed separately and are not included in the overall score of the status criteria. However, any shortcomings identified in the management system have been documented, and a corrective action plan is proposed to enable continuous improvement. The exporter will have to report quarterly to the ICGLR on the status of corrective actions until they are completed. The reason for this approach is due to the limited capacity of exporters to implement a comprehensive management system as required by the RCM, and to allow for continuous improvement as they develop and implement their program.

The audit team examined the mineral chain from exporter to exporter, traced the mineral chain back to the point of origin of the minerals at one or more mine sites, and included all actors who extract, buy, sell, transport or handle the minerals on their journey from mine to export, including, but not limited to, producers (artisanal and small-scale mining), traders, processors and Ets. RICA exporter.

The exporter's mineral chain complies with the requirements and standards of the Regional Certification Manual, **the final exporter status for Ets. RICA is GREEN.**