



## ICGLR THIRD PARTY AUDIT SUMMARY REPORT

**STANBUD S.A.R.L.U.**

**DEMOCRATIC REPUBLIC OF CONGO (DRC)**

**FINAL EXPORTER STATUS**

**GREEN**

### Auditeurs



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**LUBUMBASHI, PROVINCE DU HAUT – KATANGA/RDC**

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## 1. Introduction

### a. Audit objective

Based on the ICGLR's third-party audit methodology, this audit aims to assess STANBUD SARLU's level of compliance with the requirements and standards of the ICGLR Regional Certification Mechanism.

In this way, the audit provides an overview to ensure that the various requirements of the OECD guide and the ICGLR certification process are integrated into STANBUD's management procedures to provide useful tools that help to strengthen operations in a responsible and sustainable manner, taking into account the various risks and international requirements.

Specifically, this audit aims to:

- Examine and investigate the records and operations of STANBUD SARLU;
- Examine and investigate the records and operations of other entities and actors upstream in the mineral supply chain, including artisanal mines, traders and producers, who supplied designated minerals to STANBUD SARLU during the audit period.

### b. Auditee

#### i. General information

STANBUD SARLU is duly registered in the DRC under National Identification Number 22-F4300N59869D and registered under number CD/BKV/RCCM 19-B-0496. The Company's registered office is located at number 295, avenue Patrice-Emery Lumumba, Nyalukemba Quarter, Commune of Ibanda, City of Bukavu, Province of South Kivu in the Democratic Republic of Congo. STANBUD has been approved by the DRC Ministry of Mines under Ministerial Order no. 00153/CAB.MIN/MINES/01/2020 of 12 June 2020 as a Category A mineral processing entity. The company has been operational since 1<sup>er</sup> July 2021.

#### ii. Commercial information

It should be noted that contrary to its Approval Order recognising it as a Category A Mineral Processing Entity, it operates as a Category B Mineral Processing Entity. This change is justified by the fact that the company has received an acknowledgement of receipt of its application to move from category A to category B. As the application is currently being processed by the relevant authorities, who have well exceeded the deadline, Article 262 of the DRC Mining Regulations authorises the company to operate under the category requested.

STANBUD sources cassiterite exclusively from miners grouped into mining cooperatives and directly from traders in the Mwenga, Walungu, Kalehe and Shabunda territories in South Kivu province.

### c. Auditor

#### i. Audit firm

The audit was carried out by Cabinet d'Audit pour les Mines Responsables (CAMIR Sarl), an audit firm duly constituted under Congolese law (DRC), whose members were approved and accredited after completion of training sessions in third-party auditing from the CIRGL.

ii. Lead Auditor

Esther BAKUKA SWEDI is the lead auditor. Trained in ICGLR third-party auditing by the ICGLR and accredited as such. She is also trained in CTC auditing by the BGR. She has 3 years' experience in this field.

Mr. Dhanis Rukan, ICGLR-accredited third-party auditor, contributed to the quality assurance of the audit report.

## 2. Scope of the Audit

a. Methodology

The audit is carried out in accordance with the regional standard for the certification of designated minerals (tin, tantalum and tungsten) from any ICGLR member state. The audit is based on the following document: "ICGLR Regional Certification Mechanism (RCM) Manual". The principles for carrying out the audit mission are generally based on the document "Audit methodology for third-party audit to exporters of the ICGLR regional certification mechanism, revision 2 July 2022". These reference standards clearly determine the activities to be carried out as part of the third-party audit.

The audit involved a document review, examination of the company's risk assessments, semi-structured interviews and analysis of their content, as well as file analysis.

b. Overview

In practice, the risk assessment is based on the company's annual due diligence reports and its own risk assessment reports. Semi-structured interviews were conducted with managers from STANBUD SARLU, the mining administration and mining cooperatives. The audit team also interviewed traders, transporters, artisanal diggers and external stakeholders, in particular leaders of civil society organisations. Registers of operations/activities of company, cooperative and trader were examined.

### 3. Audit findings

#### a. Status tables

**Table 1 Exporter Status**

| Status Criteria                | Status | Item                                                                                                                                                                                                                                             |
|--------------------------------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Conflict Red Status</b>     | Green  | 1. Non-state armed groups or their affiliates illegally control mining sites or otherwise control transport routes, points where minerals are traded, and any actor up 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 access points to mining sites along transport routes or at points where minerals are traded to and including the exporter.                            |
|                                | Green  | 3. Non-state armed groups or their affiliates illegally tax or extort money or mining shares from mine site owners, intermediaries, traders, export companies or any other actor up the chain of custody (CoC) up to and including the exporter. |
| <b>Conflict Yellow status</b>  | Green  | 1. Public or private security forces or their affiliates illegally control mining sites or otherwise control transport routes, points where minerals are traded, and any upstream actors in the exporter's supply chain.                         |
|                                | Green  | 2. Public or private security forces or their affiliates illegally tax or extort money or mining shares from mine site owners, mine site operators, intermediaries, traders, exporters or any other actor upstream of the exporter's CoC.        |
|                                | Green  | 3. Public or private security forces or their affiliates illegally tax or extort money or minerals at access points to mining sites along transport routes or at points where minerals are traded in the exporter's supply chain.                |
| <b>Human Rights Red Status</b> | Green  | 1. Children under 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 practised in the exporter's supply chain, where workers are required to work without pay; workers are required on certain days of the week to hand over the fruits of their labour to a third party.                         |
|                                | Green  | 3. Any form of torture, cruel, inhuman and degrading treatment is practised or identified in the exporter's supply chain.                                                                                                                        |



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|                                                       |       |                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                       | Green | 4. Other gross human rights violations and abuses, such as widespread sexual violence, are practised or identified as being 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.                                                                                                                                                                                                           |
| <b>Formalities &amp; Transparency<br/>Red Status</b>  | Green | 1. Payments are made to illegal or criminal organisations by one of the actors in the exporter's supply chain.                                                                                                                                                                                                                                               |
|                                                       | Green | 2. Payments are made to political parties or political organisations in breach of the laws of a Member State by one of the actors in the exporter's supply chain.                                                                                                                                                                                            |
|                                                       | Green | 3. Designated minerals from an invalid mine site (red) enter the exporters' supply chain or are mixed with designated minerals produced in a clean supply chain.                                                                                                                                                                                             |
| <b>Formality &amp; Transparency<br/>Yellow Status</b> | Green | 1. Shipments of minerals leave the mine without being recorded or registered by a CoC system that can track minerals from the mine site through the exporter's supply chain.                                                                                                                                                                                 |
|                                                       | Green | 2. Government officials (mine officials, secret service, municipal or provincial governments, military units, etc.) levy significant taxes or other payments that are disproportionate to any services provided by the exporter's supply chain actors in a manner not authorized by the Member State's Mineral Code or Mineral Regulations.                  |
|                                                       | Green | 3. Material from another unknown source enters the exporter's supply chain.                                                                                                                                                                                                                                                                                  |
|                                                       | Green | 4. Any 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 extraction, trading, handling, transport and export.                                                                                  |
|                                                       | Green | 5. Any actor in the exporter's supply chain fails to pay taxes, fees and royalties to governments in relation to the extraction, trade and export of minerals from conflict and high-risk areas (CAHRA) and fails to disclose such payments in accordance with the principles set out in the Extractive Industries Transparency Initiative (EITI) framework. |
|                                                       | Green | 6. Any actor in the exporter's supply chain refuses to allow sampling for the analytical determination of minerals (DMA) to be carried out by the ICGLR or the Member State.                                                                                                                                                                                 |

**Table 2 Status of Supply Chain Actors**

| Status Criteria                |       | Item                                                                                                                                                                                                                                                                                                                         |
|--------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Conflict Red Status</b>     | Green | 1. Non-state armed groups or their affiliates illegally control mining sites or otherwise control transport routes, points where minerals are traded and any upstream actors in the supply chain.                                                                                                                            |
|                                | Green | 2. Non-state armed groups or their affiliates illegally tax or extort money or minerals at access points to mining sites along transport routes or at points where minerals are traded.                                                                                                                                      |
|                                | Green | 3. Non-state armed groups or their affiliates illegally tax or extort money or mining shares from mine site owners, mine site operators, intermediaries, traders, export companies or any other actor upstream of the CoC.                                                                                                   |
| <b>Conflict Yellow status</b>  | Green | 1. Public or private security forces or their affiliates illegally control mining sites or otherwise control transport routes, points where minerals are traded and any upstream actors in the supply chain.                                                                                                                 |
|                                | Green | 2. Public or private security forces or their affiliates illegally tax or extort money or mining shares from mine site owners, mine site operators, intermediaries, traders, exporters or any other actor upstream of the CoC.                                                                                               |
|                                | Green | 3. Public or private security forces or their affiliates illegally tax or extort money or minerals at access points to mining sites along transport routes or at points where minerals are traded.                                                                                                                           |
| <b>Human Rights Red Status</b> | Green | 1. Children under 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 International Labour Organisation (ILO) standard is used. |
|                                | Green | 2. Forced labour is practised on the mine site; workers are required to work without pay; workers are required on certain days of the week to hand over the fruits of their labour to the mine site manager.                                                                                                                 |
|                                | Green | 3. Any form of torture or cruel, inhuman and degrading treatment is practised or identified on the mine site.                                                                                                                                                                                                                |
|                                | Green | 4. Other gross human rights violations and abuse, such as widespread sexual violence, are practised or identified as being associated with mining activities.                                                                                                                                                                |
|                                | Green | 5. War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide are associated with the exporter.                                                                                                                                                                           |



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|-------------------------------------------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Formalities &amp; Transparency<br/>Red Status</b>  | Green | 1. Payments are made by the owner or operator of the mining site to illegal or criminal organisations.                                                                                                                                                                                                                                                                                                                                                                    |
|                                                       | Green | 2. Government payments are made by the owner or operator of the mining site to political organisations in violation of the laws of a Member State.                                                                                                                                                                                                                                                                                                                        |
|                                                       | Green | 3. Designated minerals from an invalid mine site (red) enter the mine site or are mixed with designated minerals produced on the mine site.                                                                                                                                                                                                                                                                                                                               |
| <b>Formality &amp; Transparency<br/>Yellow Status</b> | Green | 1. Shipments of ore leave the mine without being registered or recorded by a CoC system, which can track the ore to its next destination beyond the mine site.                                                                                                                                                                                                                                                                                                            |
|                                                       | Green | 2. Government officials (mine managers, secret services, municipal or provincial governments, military units, etc.) levy significant taxes or other payments that are disproportionate to any service provided by workers or production at a mine site, in a manner not permitted by the mining code or mining regulations of the Member State.                                                                                                                           |
|                                                       | Green | 3. Materials from another unknown mine site enter the mine site or are mixed with the materials.                                                                                                                                                                                                                                                                                                                                                                          |
|                                                       | Green | 4. The mine site owner, mine site operators, intermediaries, traders, exporters or any other actor upstream of the CoC and operating on the mine site offer, promise, give or demand bribes to conceal or disguise the origin of minerals, to misrepresent taxes, royalties and fees paid to governments for the extraction, trade, handling, transport and export of minerals.                                                                                           |
|                                                       | Green | 5. The mine site owner, mine site operators, intermediaries, traders, exporters or any other actor upstream of the CoC and operating on the mine site, fail to pay all taxes, fees and royalties related to the extraction, trade and export of conflict-affected and high-risk area (CAHRA) minerals to governments and fail to disclose these payments in accordance with the principles set out in the Extractive Industries Transparency Initiative (EITI) framework. |
|                                                       | Green | 6. The mine owner or operator refuses to allow the ICGLR or the Member State to carry out sampling for the analytical determination of minerals (DMA).                                                                                                                                                                                                                                                                                                                    |

**Tableau 3 Summary of Non-Compliance Findings**

| SUMMARY OF OPPORTUNITIES FOR IMPROVEMENT |                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Observation                              | Status criteria :               | Establishment of the Status Criteria:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Proposed corrective action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 1                                        | Due Diligence Management system | <p>STANBUD does not currently have a written Policy on Due Diligence. Most of its management system describes the exercise of due diligence in its annual reports and does not provide sufficient guarantees of compliance with due diligence. The company carries out risk assessments by its due diligence and traceability officer. Some reports on field missions were found. Reading these reports reveals a complacent assessment of the risks. Indeed, the reports from different months, different years and different mining sites have the same content, thus calling into question the reliability and quality of these assessments. The assessments carried out by the company do not indicate any risks, so its reports contain no strategy for responding to risks raised by other organizations.</p> | <p>In view of the issues raised in the context of improving STANBUD's management systems for responsible sourcing of minerals from conflict and high-risk areas, we recommend the following corrective actions to the company:</p> <ul style="list-style-type: none"> <li>• Develop and effectively implement a Due Diligence Policy considering the OECD Due Diligence Guide for Responsible Supply Chains of Minerals from Conflict and High-Risk Areas.</li> <li>• Map the entire supply chain and define the strategies and players involved at all levels.</li> <li>• Develop a company website. The website will enable the company to report publicly on the due diligence implemented and generate public confidence.</li> <li>• To share the various reports on the exercise of due diligence with the various stakeholders concerned.</li> </ul> |



#### 4. Conclusion of the Audit

This was STANBUD first exporter audit as part of the revised Regional Certification Mechanism (RCM) that included a process review of the exporter's Due Diligence management systems and their alignment with the Regional Certification Mechanism and the OECD Due Diligence Guidance.

The elements of the management systems are assessed separately and are not included in the overall score of the status criteria. However, shortcomings identified in the management system have been documented and a corrective action plan is proposed to enable continuous improvement. The exporter will be required 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.

**This audit attributes STANUB SARLU as Green, the final exporter status.** The exporter has fulfilled its obligations as defined by the ICGLR Regional Certification Mechanism.