

Due Diligence Annual report 2023



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INTRODUCTION

Exercise of due diligence is the ongoing, proactive process that enables companies to ensure that they respect human rights, that they do not contribute to conflict, and that they respect international law and comply with national laws, including those relating to minerals supply.

The main purpose of this supply chain due diligence is to ensure that all persons acting on behalf of Somika perform activities in an ethical way and in accordance with laws and regulations and with the standards. Somika sets through its policies, guidelines, and rules; provide all our stakeholders with information on the progress made during the period of 1st of January 2023 up to 31st of December 2023 on the implementation of our responsibly sourcing and due diligence commitment, and to provide transparent information on the implementation of our due diligence management system.

Our due diligence system and policy have been designed in line with the expectations of the OECD Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, which is considered the best practice framework for responsible sourcing and due diligence in minerals supply chain.

This report is structured around the five steps of this framework:

- The establishment of a strong management system.
- the identification and assessment of risks in our supply chain.
- where risks are identified during step2, the design and implementation of a strategy to respond to identified risks.
- promotion of third-party audits along our supply chains, and independent audit of Somika's own due diligence system.
- reporting on supply chain due diligence.



Company name	Type
Société Minière du Katanga (SOMIKA)	Supplier Customer

COMPANY/ORGANIZATION DETAILS

Registration Name	SOMIKA SAS Mine Titleholder
Registered Address	588, ROUTE KIPUSHI, COMMUNE ANNEXE, LUBUMBASHI,
Business Address	588, ROUTE KIPUSHI, COMMUNE ANNEXE, LUBUMBASHI,
Address of Other Offices and Plant (If any)	Chefferie Kaponda, Territoire Kipushi, Groupement INAKILUBA Lupoto
Contact E-mail	frederic@somika.com
Contact Phone	+243 858000988
Date of incorporation	19/09/2003 (AS PER OHADA)
Business Registration Number	6-129-N43777U and RCCM 13-B-0737.
National Identification Number	RDC ID Nat: 6-128 N57128 B
Tax identification/Registration Number	R.C.C.M.NO: 13-B-0737
VAT Registration Number	A 1004150 Y
Web site	www.somika.com

RMAP Assessment Summary

Somika has undergone a RMAP assessment on 9th June 2023. The assessment is valid for one year. The assessment period was for the 12th to 16th December 2022. The assessment was conducted by the Responsible Sourcing Audit Firm for Responsible Minerals Assurance Process Assessment. Cobalt 2018

Company Supply Chain Policy

To avoid the use of conflict minerals, which directly or indirectly finance, or benefit armed groups and/or involve other serious human right abuses in high-risk and conflict-affected regions, the company has developed a supply chain policy. The supply chain policy is fully aligned with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). It covers all the risks identified in Annex II of the OECD Guidance and its geographic scope is global. The company is committed to addressing any Annex II risks if identified. The policy was reviewed and approved by senior management, which committed to support its implementation. The policy has been widely disseminated to relevant stakeholders (suppliers, customers, employees etc.) and is available on the company website at www.somika.com.

Somika Due Diligence Management Systems

SOMIKA aims to operate as a seamless organization that acts and look like one company and maximizes the benefits of standard and share approaches for every activity. The Company objective is to maximize its value and long-term return to shareholders through a strategy of investing in large, cost competitive mines and businesses driven by the quality of each opportunity. Wherever Somika operates, due diligence, health and safety of our employees, and a contribution to sustainable development, are key priorities. We work as closely as possible with host countries and communities, respecting their laws and customs and ensuring a fair share of benefits and

opportunities. As reflected in our policies, Somika is committed to responsible sourcing throughout its supply chain. Recognizing that risks of significant adverse impacts may be associated with the extracting, transportation, handling, and operation of minerals, when sourcing from Conflict-Affected and High-Risk Areas (CAHRAs), Somika sets principles in its Responsible Sourcing Policy and continuously strengthens its management system for due diligence.

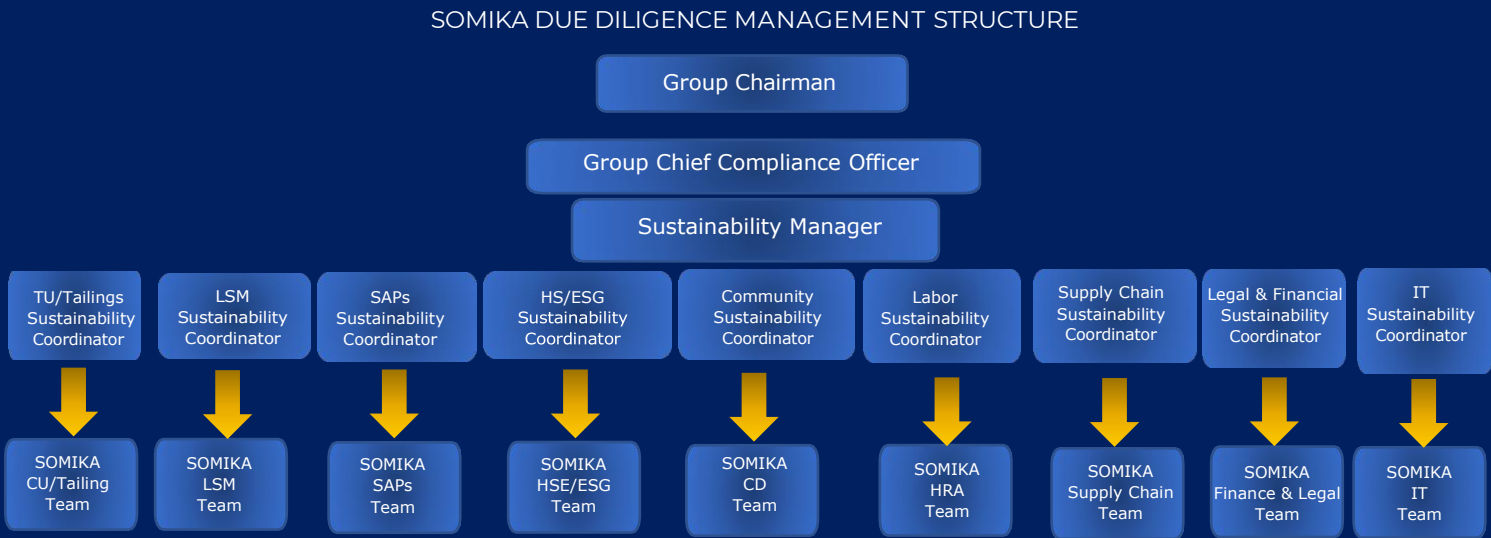
Management Structure

Somika follows through on its commitments in the supply chain policy and has developed an internal procedure for due diligence with the following aspects: Somika COO is responsible for overseeing the due diligence program and risk management design and implementation.

Somika has assigned a due diligence program manager to coordinate the work of the relevant departments (including the Purchasing Department, Quality Department, Production Department and Warehouse Management Department) to ensure each department follows up on their roles and responsibilities to implement the due diligence program and report any red flags and potential risks identified. Somika conducts due diligence management system training for key staff from all relevant departments required in due diligence program. If there is an update of the program, the company conducts additional training as necessary.

Internal Systems of Control

The company has established/updated its due diligence management system to be aligned with the OECD Guidance and RMAP. The company communicated the updated supply chain policy and sourcing requirements to all identified suppliers/ service providers. The company has incorporated due diligence requirements into legally binding agreements with direct suppliers/service providers. Somika visits its direct suppliers/service providers every year and includes due diligence requirements as part of the conversation. The company refers to RMI's grievance mechanism to collect information on grievances from interested parties.



In alignment with the framework, Somika employees and contractors receive induction sessions and ongoing training on a range of compliance issues. Training includes guidance on important topics such as raising concerns, facilitation payments, the giving and receiving gifts and entertainment and dealing with public officials. We tailor our training and make it relevant for our employees by including real-life hypothetical scenarios that illustrate how legal and ethical concerns might manifest themselves in daily work activities.

To ensure the effective implementation of the Somika Group due diligence framework, respective mine and treatment units has appointed due diligence coordinators whose role is to support the operations and employees in day-to-day business considerations.

The management structure at Somika also includes senior Managers for finance, operations, Human Resources, Community Development, health & safety, security, Procurement and Logistic.

In accordance with the recent Implementation on the OECD Guidance, Somika's policy has evolved to a risk-based approach to responsible sourcing and consequently does not exclude entire countries from its supply chain unless otherwise required by regulations (e.g., embargo, sanctions).

Human rights, social and environmental risks are identified through below dimensions, not mutually exclusive:

Security and Human Rights

Lualaba is a highly populated area with a high poverty rate and Somika requires a security approach which protects people and assets while upholding respect for human rights. We deploy internal and private security to conduct control and containment operations. There is also public security on site (Police des mines), as mandated under the DRC Mining Code.

In line with our Human rights policy, Somika is committed to the voluntary principles on security and human rights. Somika applies the Voluntary Principles using 5 steps approach:

- Understanding the risks through cross-functional risk assessment
- Strong engagement with the security providers, incorporated in contractual requirements.
- Raising awareness through human rights training
- Internal control including mixed patrols on-site and incident monitoring.
- External monitoring vis engagement with community and concerned parties.

Child Labor

The presence of child labor in Lualaba area is a well-known issue, however it is related to ASM rather than to large-scale operations. Somika has strict employee screening, ID check and access control measures to ensure that no one under the age of 18 is employed either directly or indirectly vis contractor/supplier.

Anti-corruption/Bribery

Our position on bribery and corruption is clear. We do not engage in corrupt conduct, and it is unacceptable to offer, pay, authorize, solicit, and accept bribes. The Somika anti-corruption policy sets out conduct expected of each of the employee so that we can respect applicable anti-corruption laws and secure our long-term presence as a responsible business in copper & cobalt operations.

All our employees, Managers, HODs, Supervisors, contractors and business partners are therefore required to take personal responsibility for implementing the policy and take part in training related to bribery and corruption risks. We also conduct risk-based due diligence on third parties to identify any concerns or red flags that may exist and to take steps to measure, manage, monitor, and mitigate the risks associated with these relationships.

Risk Management

Somika does not purchase any third-party minerals, so there are no external suppliers of copper nor cobalt. All the materials processed at the treatment units are from Somika owned operations. Somika therefore has direct visibility and control over the OECD Guidance risks described in Annex II and manages them through its own policies and procedures.

These are defined by the Sustainable Supply Chain and include the following:

- Code of Conduct
- Anti-corruption and anti-bribery Policy
- Human Rights Policy
- Sustainability Policy
- Tax Policy

Somika has defined expectations for its non-mineral suppliers/contractors which are specified in the Sustainable Supply Chain Code of conduct. These standards cover all the risks identified in Annex II of OECD Guidance. This applies to all the Somika workers, suppliers/Contractors and are incorporated into supplier/service providers' contract.

Should potential risks be identified through further scheduled risk assessment activities, a risk management plan will be designed and implemented in collaboration with the suppliers and affected stakeholders, where appropriate. Risk management plan refers to our Responsible Sourcing policy and the OECD Guidance. Actions are considered depending on the risk severity, they are closely monitored, and re-evaluated.

Risk Identification

Somika is supplying raw materials from its own mine and has a robust process to identify risks in the supply chain. Firstly, referring to the risks in the company's supply chain policy, Somika established a procedure to identify CAHRAs.

The procedure includes the resources used, the criteria to define a "conflict-affected and high-risk" area as well as the frequency with which our determination is reviewed. The company uses the following resources to determine CAHRAs:

- The Heidelberg Conflict Barometer provides conflict maps, representing an annual snapshot of the presence of armed conflict.
- The INFORM Index for Risk Management provides country-level risk profiles relating to humanitarian crises.
- The RMI's Global Risk Map, which is a risk assessment tool that allows users to identify and compare governance, human rights, and conflict risk indices across geographic regions globally. Utilizing the internationally recognized indices and resources identified in the European Commission's non-binding guidelines for the identification of conflict affected and high-risk areas and other supply chain risks, the tool classifies geographic areas as low-, medium-, high-, and extreme-risk in an interactive and up-to-date world map. The tool also flags sanctions risks based on the United Nations, U.S. and E.U. sanctions lists. Users can view all country risk classifications at a global level, zoom-in to detailed indicators at a country or area level and download the complete underlying dataset for further sorting and analysis outside of the tool.

Referring to its supply chain policy and external resources, the company has defined criteria and benchmark indicators to determine CAHRAs.

In October 2023, with third party support, Somika conducted an on-the-ground mine site assessment. Through the Somika mine field visit, a document check and interviews with mine workers, consultation with local communities and other stakeholders, the company assessed all the risks under Annex II of OECD Guidance and generated a mine site visit report.

In addition, Somika supported the establishment of a community monitoring committee. Working with a local partner organization, training was provided to the monitoring committee members with a view to enabling the reporting of any risks or incidents in the supply chain. Generally, the community monitoring committee reported dissatisfaction on grievance investigation and corrective measures.

Risk Mitigation

Somika Supply Chain Policy defines three possible risk mitigation strategies in accordance with the OECD Guidance Annex II Model Policy. Risks identified in high-risk supply chains are mitigated as follows:

Somika reports no mine as a high-risk sourcing supplier to the senior manager and continues to source from its own mine while implementing continuous improvement on risk mitigation plan.

Somika consults its suppliers, contractors, customers, and other stakeholders on risk mitigation strategies to ensure its feasibility and effectiveness. With all parties' agreement, the company develops a risk mitigation plan. As part of the improvement plan, our mine Management has taken remediation actions and set up a due diligence procedure to ensure no child labor, nor human right abuse case throughout the operations. Somika hired a third-party assessment firm, which is an expert in OECD five steps framework, to visit our own mine site and confirmed that the risk mitigation is effective.

Somika ensures that it assesses risks on an ongoing basis by working in partnership with suppliers/contractors and other stakeholders (e.g. local community, NGO, customers, industry organization, consulting company) engaged in continuous risk monitoring at the mine site.

AUDITING

Internal Audits

Internal Audits were conducted with below schedule and criteria:

Internal audit Date	Audit Criteria
06 to 09.03.2022 Mine & TU 05 to 09.06.2023 Mine & TU 04 to 07.09.2023 Mine & TU 11 to 14.12.2023 TU& Mine	<ul style="list-style-type: none">• Legal compliance• Business Integrity• Stakeholder engagement• Child Labor/Forced Labor/Human Right• Freedom of Association and collective bargaining• Discrimination and Harassment/Gender equality• Working condition (Occupational Health & Safety, Remuneration, Grievance Mechanism.• Environmental Management (Resources management, Land acquisition and resettlement, cultural heritage, Biodiversity and protected areas, Indigenous people, waste management, Greenhouse gas (GHG))• Community Health & Safety Supply Chain Due Diligence• Transparency & Disclosure
General conclusion upon audits findings	Effective control measure through identified risks: Low

Third-party Audits

As part of our Responsible Sourcing program, we have designed an audit program which includes third-party auditing. SOMIKA's own due diligence system was subject to two independent third-party audits in 202

RCS Global Company	RMAP Risk Assessment with RCS
Mineral Supply Chain Mapping & Responsible Sourcing Annual Audit 16 – 20 October 2023	Responsible Mineral Initiative (RMI), Responsible Minerals Assurance Process (RMAP) 16 – 20 October 2023
Audit Criteria	Audit Criteria
OECD Due Diligence Guidance for Responsible Supply of Minerals from Conflict-Affected and High-Risk areas, 3rd Editions (OECD Due Diligence Guidance)	Responsible Mineral Initiative (RMI), Responsible Minerals Assurance Process (RMAP)
IRMA Critical Requirements from the IRMA Standards for Responsible Mining v.1.0-June 2018.	OECD Due Diligence Guidance for Responsible Supply of Minerals from Conflict-Affected and High-Risk areas, 3rd Editions (OECD Due Diligence Guidance) IRMA Critical Requirements from the IRMA Standards for Responsible Mining v.1.0-June 2018

Payment to governments

We pay relevant and applicable taxes, royalties and levies required by local and national regulation in DRC. This includes local, national, sales and employment taxes, government royalties and license and permit fees. In addition, we contribute to local economies through our use of suppliers, employee wages and employee benefits, voluntary supports of socioeconomic initiatives such as health and education projects and infrastructure development. We welcome fiscal transparency, as it encourages the responsible management of revenues from extractives activities. We are a supporter of the Extractive Industry Transparency Initiative (EITI) and its principles of transparency and accountability.

January 1st to 31st December 2023		SOMIKA \$
Taxes, fees, and royalties paid to government related to the transport of minerals	Raw Materials	309,490
	Cathodes & Hydroxides exportation	16,585,694
Payments or compensation made to government agencies and officials related to the mineral transport	Raw Materials	-
	Cathodes & hydroxide exportation	-
Payments made to public or private security forces or other armed groups at all points in the supply chain from extraction onwards	Raw Materials	53,470
	Cathodes & hydroxide exportation	-

Control and transparency.

We maintain a Supply Chain Map of all our suppliers and service providers with information about the different tiers down to materials supplied from our own mine. To collect this information, we use software system to track every operation and material shifting data, we engage with our suppliers/service providers through, among others, sustainability and traceability questionnaires, digital platform, publicly available information, interviews, and on-site visits.

All documents accompanying goods are also scanned and archived on our servers, guaranteeing computerized traceability between supplier's/service provider's document and our unique receipt numbers.

Community development

At the end of Law No. 18/001 amending and supplementing Law No. 007/2002 of July 11, 2002 on the Mining Code, the Congolese legislator placed a very particular emphasis on the contribution of the mining sector to the development of communities impacted by mining activities. This contribution passes through three subnational payments including:

- The specifications which is a document which summarizes a compromise between the company and the communities impacted by its activities. This compromise includes various basic infrastructures and their direct financing by the Company for the benefit of impacted communities. (Art. 285 septies CM)
- The mining royalty is drawn from monthly sales and calculated based on a formula well determined by the local mining administration and distributed according to a well-defined key for the central government, the province, and the decentralized territorial entity. (Art. 240-242 CM)
- The minimum allocation of 0.3% which is drawn from the annual turnover of the company and calculated based on a formula clearly determined by the mining administration. (Art. 258 bis and 285)

SOMIKA S.A.S contributes to the economic and social development of the city of Lubumbashi, the surrounding villages and localities, the province of Haut-Katanga as well as the country in general. In accordance with the laws of the country in the mining sector: the CODE AND THE MINING REGULATIONS, SOMIKA signed a SPECIFICATIONS with the communities impacted by its activities dated February 23, 2021. And in November 2021, His Excellency Mr. Governor of the Haut-Katanga Province signed the order approving these specifications. SOMIKA is therefore subject to the new provisions for the sustainable development of communities.

This is how the implementation of its commitments contained in the specifications began as part of its SOCIAL RESPONSIBILITY.

To do this well, a foundation was created called FONDATION VIN MART to take care of the implementation of commitments for the development of communities, according to the timeline for the execution of projects from specifications to benefits. communities impacted by its activities.

For the year 2023, In accordance with its specifications: SOMIKA contributes to the school fees of students at the Technical Institute of Kisanga since 2005, and girls at the Notre Dame Vocational Training Center in Kisanga in the city of Lubumbashi, until today.

SOMIKA built this year, school, and health infrastructures, where we currently have primary and secondary schools, fully equipped health centers, SOMIKA contributed to the construction of some buildings at the Notre Dame professional training center in Kisanga / Lubumbashi.

The rehabilitation of deserted agricultural roads, the different neighborhood avenues, etc. Computer science and English courses are given by a company IT specialist to students at the Kisanga Institute as well as to girls at the vocational training center, as well as at Lupoto. In this regard, a set of computers is made available to them to practice exercises after theoretical course sessions. In the field of SPORT, SOMIKA contributes to the operation of the ZANGO team of mothers from the Somika district. In addition to football, a football field has been set up for the population of the Wantanshi district for their entertainment.

More than 10 drilling of water wells for the population of the neighborhoods around its various sites, - Intervention in food and market gardening AGRICULTURE, in the group, - The delivery of electrical transformers for the electrical cabins, and many other projects according to its specifications, as well as other voluntary achievements.

Somika contributes to improving the social environment of the Haut-Katanga province and the city of Lubumbashi through the creation of direct and indirect jobs; its interventions in the sector of infrastructure, education, health, drinking water supply, sponsorship of sport and cultural events.

SUMMARY OF ACHIEVEMENTS IN THE FRAMEWORK OF SOCIAL RESPONSIBILITY DURING THE YEAR 2023

SECTION	DETAILS	COST
Health	"Construction and complete equipment of three modern health centers in the village of Kipopo, Kajama, Kimpe and Mabaya. Purchase of pharmaceutical products on behalf of built health center and certain local medical structures. "	928 080\$
Education	Purchase of pharmaceutical products on behalf of built health centers and certain local medical structures.	1 102 000\$
	SOMIKA contributes to the school fees of students at the Technical Institute of KISANGA, and has done so since 2005, as well as the school fees of girls at the Notre Dame vocational training center in KISANGA: CSP/NDT	
	Top to bottom rehabilitation of KIMPE Primary School and SOMIKA Primary School in Seleyi village.	52 000 \$
	Contribution to school fees for students of the I.T.K Institute. and the Notre Dame du Travail school.	16 000 \$
Infrastructure	Rehabilitation of the Lupoto road section between the bypass road and the Lupoto village, 23 km long Rehabilitation of 7 neighborhood avenues around the Somika office site in Lubumbashi for a total of 33 km, D10"	92 100\$
Energy	Drilling of filtering water wells for the population of the Mutwamina, Seleyi and Kimpe villages.	66 100 \$
Environment	Delivery of a 400 KVA electrical transformer to the Somika district Purchase of seedlings for Arbor Day and for the fight against global warming.	18 100 \$
	Distributions to different neighbourhoods	7 120\$
Agriculture	Delivery of agricultural inputs and other seeds to farmers united in cooperatives for 102 Ha for subsistence farming and 39 Ha for	88 000 \$

Voluntary actions	market gardening to the Inakiluba groups and Kombo group.	184 000\$
	NUTRITION program to prevent malnutrition children in Inakiluba villages	
	Computer science and English courses are given by a company IT specialist to ITK students as well as to girls from the vocational training center	
	Free mass health operations for cataracts and other diseases, for the benefit of the entire population of Lubumbashi (more than 100 operations)	
	Agricultural and financial training in Inakiluba.	
		2 553 500 \$

Our participation in the production of the CSR GUIDE within the Chamber of Mines at the FEC is proof that our company is firmly committed to putting into practice values that are worthy of generating sustainable development for our impacted community.





Record Keeping System

The company requires that all records relating to the due diligence program are maintained **Minimum for five years** and that they be properly used and safely stored in our online company database.

Reporting on Risks beyond Annex II

We manage risks outside those identified by Annex II and use the RRA to report to our stakeholders on how we manage those issues.